servation treaty for the protection of Northern Hemisphere pinnipeds.

H. Con. Res. 583. March 9, 1976. Post Office and Civil Service. Expresses the sense of Congress that the U.S. Postal Service should not close or otherwise suspend the operation of any office during the 6-month period beginning on the date of adoption of this resolution.

H. Con. Res. 584. March 16, 1976. Agriculture; International Relations. Declares it the sense of Congress that every person has the right to a nutritionally adequate diet and that the United States increase its assistance for self-help development among the world's poorest people until such assistance reaches one percent of our total national production.

H. Con. Res. 585. March 16, 1976. Ways and Means. Disapproves the action taken by the President under the Trade Act of 1974 transmitted to the Congress on March 16, 1976, relating to import relief for stainless steel and alloy tool steel.

H. Con. Res. 586. March 16, 1976. Post Office and Civil Service. Expresses the sense of Congress that the U.S. Postal Service should not close or otherwise suspend the operation of any post office during the six-month period beginning on the date of adoption of this resolution.

H. Con. Res. 587. March 17, 1976. Post Office and Civil Service. Expresses the sense of Congress that the U.S. Postal Service should not close or otherwise suspend the operation of any post office during the six-month period beginning on the date of adoption of this resolution.

H. Con. Res. 588. March 18, 1976. International Relations. Directs the President to express the request of the United States Government that the Government of the Union of Soviet Socialist Republics provide Valentyn Moroz with the opportunity to accept the invitation of Harvard University to join the Harvard Ukrainian Research Institute for the 1976–77 academic year.

H. Con. Res. 589 March 18, 1976. International Relations. Directs the President to express the request of the United States Government that the Government of the Union of Soviet Socialist Republics provide Valentyn Moroz with the opportunity to accept the invitation of Harvard University to join the Harvard Ukrainian Research Institute for the 1976–77 academic year.

HOUSE RESOLUTIONS

H. Res. 1071. March 3, 1976. Post Office and Civil Service. Honors Rossell G. O'Brien for originating the custom of rising and standing with head uncovered during a rendition of the Star-Spangled Banner.

H. Res. 1072. March 3, 1976. Government Operations. Declares that the Federal budget must be balanced no later than 1980. Requires specified economic objectives to be met. Specifies that all Federal legislation and requests for funds must include a deficit impact statement to aid in identifying areas of law which require change in support of these objectives.

H. Res. 1073. March 4, 1976. House Administration. Requires that the report of the Select Committee on Intelligence filed on January 19, 1976, be printed as a House document.

H. Res. 1074. March 4, 1976. Rules. Requires the report of the Select Committee on Intelligence, filed on January 29, 1976, be referred to the Committee on House Administration, and such Committee shall follow the procedures agreed to between the Select Committee and the President with respect to the disclosure of classified information transmitted to such select committee. States that after such procedures have been complied with, such report, as it may be altered in accordance with such procedures, shall be printed as a House document.

H. Res. 1075. March 4, 1976. Rules. Establishes a select committee in the House of Representatives to conduct a full and complete study of the constitutional basis of the January 22, 1973, United States Supreme Court decisions on abortion, the ramifications of such decisions on the power of the States to enact abortion legislation, and the need for remedial action by Congress on the subject of abortions.

H. Res. 1076. March 4, 1976. Rules. Establishes in the House of Representatives the Select Committee on Nuclear Proliferation and Nuclear Export Policy.

H. Res. 1077. March 4, 1976. Rules. Establishes in the House of Representatives the Select Committee on Nuclear Proliferation and Nuclear Export Policy.

H. Res. 1078. March 4, 1976. Rules. Creates a House Select Committee on the Fiscal Problems of Cities which shall identify the nature and causes of problems afflicting large cities which face severe fiscal imbalance.

H. Res. 1079. March 4, 1976. House Administration. Authorizes the expenditure of specified funds for the expenses of investigation and studies to be conducted by the House Committee on Interior and Insular Affairs.

H. Res. 1080. March 8, 1976. Expresses the condolences of the House of Representatives on the death of the Honorable Wright Patman, Representative from the State of Texas.

H. Res. 1081. March 8, 1976. House Administration. Authorizes the appropriation of funds to carry out general oversight and investigation responsibilities by the House Committee on Government Operations.

SENATE—*Tuesday, March 30, 1976*

The Senate met at 12 meridian and was called to order by Hon. RICHARD STONE, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray:

Almighty God, we acknowledge Thy rulership and Thy judgment above all men and all nations. Before Thy holiness we know our sinfulness and our humanity, our weakness and our need of Thee. We seek no special favor nor claim no messianic mission. But since Thy work on Earth must be done by human beings and since Thou hast put us in this place, we beseech Thee to instruct us by Thy Word, govern us by Thy Law, and guide us by Thy Spirit. Light up our days by an awareness of Thy presence everywhere and at all times. May goodness and mercy follow us through all toil and trouble and at the end may we abide in the house of the Lord forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 30, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. RICHARD STONE, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, March 29, 1976, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet until 1 p.m. or the end of the morning business, whichever occurs latest.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PUBLIC DOCUMENTS ACT AMENDMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 681, S. 3060.

The bill (S. 3060) to amend chapter 33 of title 44, United States Code, to change the membership and extend the life of the National Study Commission on Records and Documents of Federal Officials, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 33 of title 44, United States Code, is amended as follows:

(a) Section 3318 of chapter 33 is amended—

(1) by deleting subsection (a) (1) (E) in its entirety and substituting in lieu thereof the following:

"(E) one member of the Federal judiciary appointed by the Chief Justice of the United States."; and

(2) by deleting "section 5703(b) of title 5, United States Code" from subsection (e) (2), and substituting in lieu thereof "section 5703 of title 5, United States Code".

(b) Section 3322 of chapter 33 is amended by deleting "March 31, 1976" and substituting in lieu thereof "March 31, 1977".

SOME REFLECTIONS ON PUERTO RICO IN A BICENTENNIAL YEAR

Mr. MANSFIELD. Mr. President, last month a distinguished scholar, the president of the University of Puerto Rico, delivered a lecture at the University of Massachusetts. His statement "Reflections on Puerto Rico in a Bicentennial

Year" as is all of the writing of Dr. Arturo Morales-Carrion, is a very thoughtful composition. The theme is Puerto Rico and its relationship with the United States. It is a subject on which he is immensely competent to speak, a subject which has absorbed him throughout his life.

I have known Dr. Morales for many years during which he has performed outstanding public services in the governments of Puerto Rico and the United States and in the Organization of the American States. While his heart remains in Puerto Rico, where it has always been, Arturo Morales-Carrion is in my judgment, the personification of the concept of dual citizenship, which is written into the Puerto Rican-United States compact. Indeed, in his case, one might say he ought to be regarded, in addition, as a citizen of the Western Hemisphere and especially of the Caribbean. Few people in our times have better comprehended the forces at work in the Americas or have made greater contributions to building bridges of understanding between this Nation and the various other peoples of the new world.

The statement by Dr. Morales on Puerto Rico and the United States at the University of Massachusetts reflects his great knowledge of a relationship which is often too little understood in both places and too superficially treated in writings on the subject. I commend Dr. Morales' discourse to the Senate and ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the lecture was ordered to be printed in the RECORD, as follows:

SOME REFLECTIONS ON PUERTO RICO IN A BICENTENNIAL YEAR

I am delighted to have the opportunity of participating in the lecture series at the University of Massachusetts on "Spanish Speaking People in Urban America" and I wish to thank President Woods, Chancellor Golino and Professor Marshall for inviting me here.

It is my pleasure to bring all of you a most cordial and fraternal greeting from the University of Puerto Rico. We feel honored that you have dedicated the opening lecture in your series to Puerto Rico. Let me express the hope that this occasion will prove to be the first in a fruitful series of inter-changes between our Universities in the years to come.

At the outset, I should like to dwell briefly on one theme: this is the year when the American Republic celebrates its Bicentennial. For over 75 years—more than one third of the Bicentennial—Puerto Rico has been linked politically with the United States. Puerto Ricans have been United States citizen for 59 years. And yet, a question is in order: Do we know each other well? Is American public opinion aware of what Puerto Rico is all about, as an island, as a people, as a cultural fact?

If we turn to the history books which tell us about the growth of the American republic, we find very scant reference to Puerto Rico. If we take, for instance, the excellent textbook put out by the late Richard Hofstadter, William Miller, and Daniel Aaron, "The United States: The History of a Republic" (N.Y., Second ed., 1967), Puerto Rico suddenly appears in connection with the Spanish-American War. It is ceded, of course, by Spain in the Treaty of Paris. It is mentioned in connection with the Insular Cases brought before the U.S. Supreme Court, and then it vanishes into thin historical air.

An outstanding diplomatic textbook, Thomas A. Bailey's "A Diplomatic History of the American People" (N.Y., Seventh Ed., 1964), tells us that President McKinley decided to take Puerto Rico in order to banish Spanish power completely from the Americas. Linking Puerto Rico to the Philippines, the author recalls how "Senator Pettigrew of South Dakota declared, with no little truth, that bananas and self government could not grow on the same section of land." Having disposed of Puerto Rico as a banana split, he leaves it to disappear in its thick tropical foliage.

The great scholar, Samuel Eliot Morison, in his "Oxford History of the American People" (N.Y., 1965), does much better. He duly points out that the island was ceded by Spain, and in describing the organic acts of Congress correctly infers that "the parallel with the Old British empire is suggestive." As early as 1965, he takes note of the Puerto Rican migration to the United States, a feat of historical insight when compared with the performance of his eminent colleagues concerning the island.

There are, of course, special studies on Puerto Rico, but the vast majority of Americans seldom hear about them. Absent from U.S. history books, which are more concerned with Cuba, Hawaii or the Philippines, Puerto Rico remains an unknown world, a baffling land, coveted by the tourist agencies, defined by traveling journalists, so near, in many ways, and yet so far apart. It is now the subject of a radical literature, tinged with antiyankismo, which has become good business for capitalistic publishing enterprises. There are fat profits to be made in telling how radical and anti-U.S. Puerto Ricans should be. Puerto Rico is debated at the U.N. as another Vietnam or Angola, or Mozambique, by people who do not have the faintest idea of what or where the island is. A few days ago in Paris it was even stated that life in Puerto Rico today is worse than in France under the Nazi occupation! For many of us who live and toil in Puerto Rico, the stories now being told about the island and its people seem often to be like Alice's adventures after she went through the looking-glass. They could have been written by Tweedledee if not Tweedledum.

The facts of history, though, are even stranger than this contemporary fiction. Puerto Rico's ties with the U.S. mainland do not date back for only three quarters of a century. It was not General Nelson Miles who first debarked from an American ship in Puerto Rico. It was the crew of the sloop Dragon, one of the first Massachusetts privateers, which sailed to the island in the XVII Century and engaged there in illegal trade. Long before the affair at Lexington, a host of seamen from what became the Middle Atlantic and New England states began trading with Puerto Rico. We sent our sugar and molasses to help you produce your "rumbooze" or "Killdevil". Rum has always been a close bond between us! You sent us flour from the Eastern seaboard. We were part of the extended triangular trade that flourished in colonial times between America, Africa and the West Indies. Throughout the Nineteenth Century, it was the sugar we sold and the flour we bought in the United States that paid enough duties to support the Spanish budget and enabled Spain to keep its military and bureaucratic hold over the island.

At one stage in the 1830's we received Ralph Waldo Emerson's brothers, Charles and Edward. They went to the West Indies and Puerto Rico to escape from Bostonian winter weather and from the scourge of TB. Their letters are found in the collection of the Ralph Waldo Emerson Memorial Association at Harvard. It was Charles Emerson who first lectured on Puerto Rico to New England audiences.

While I was preparing this lecture I was shown the reports in the New York Times about the zero temperatures, the ice and snow, and the bitter winds that were assailing New York and New England last week, and I could not resist the temptation to include here an extract from a lecture that Charles Emerson delivered before the Concord Lyceum in January, 1833.

Both Emersons, I should note, were firm believers in such traditional New England virtues as thrift, self-reliance and hard work, and both were staunchly anti-Catholic, so that they had some serious criticisms of the way of life they found in sunny, Catholic Puerto Rico. They, of course, did not know of the Irish Boston that was to come!

But they came to recognize some virtues as well. As Charles said in his remarks at Concord:

"If they are not energetic enough in efforts to improve their condition, they are exceedingly good humored in tolerating all its disadvantages. They are a people of beautiful manners. Their courtesy seems to be a constituent part of their language. . . We know, however, that the character of a language is only a reflection of the character of the people which speak it. There was something very agreeable in the greetings of acquaintances in the streets. They never passed one another with hasty step and slight recognition as in our busy towns, but always found time for a hearty and affectionate salutation. . . This looked, to be sure, as if they had nothing to do, but it also looked as if doing nothing had had a very good effect on their tempers. Our streets are colder than those of St. Johns & a man may be excused for brushing quickly by his friend when the thermometer stands at 20 or 30 degrees below freezing—but it must also be confessed that the manners of New Englanders are by no means their best part, & we might well learn of the West Indians to recommend ourselves to one another's regard by a more frank and cordial address".

In the 1840's we began receiving your abolitionist literature, to the great dismay of the Spanish authorities. Plans were afoot to extend the Underground System to fugitive slaves from the island. From some documents I have found, I suspect strongly that more than a few American sea captains were willing to introduce—or allow the introduction—into Puerto Rico of inflammatory literature against Spanish power.

There is no doubt that the pull and attraction of the U.S. market greatly encouraged the commercial production of sugar in Puerto Rico. The ups and downs of U.S. prices, the fluctuations in the tariff and import duties, greatly affected Puerto Rico's economy long before the Spanish-American War. Economic gravitation in sugar was a fact before 1898. Not so direct investment, which lagged well behind that in Cuba.

There was another link which took time to develop: the strategic link. Preoccupation with Cuba dwindled Puerto Rico's importance in the overall struggle for Caribbean supremacy. Faced with active Southern privateering during the Civil War, however, the victorious North felt the need for coaling stations in the Caribbean after 1865.

Samana Bay in Santo Domingo became the initial objective. But the Spanish-American War revealed the importance of Puerto Rico. It was Admiral Mahan who pointed out, in no uncertain terms, that Puerto Rico was for the United States in the Caribbean, what Malta was for England in the Mediterranean—the key, indeed, to naval and imperial hegemony.

From the building up of the naval base in Culebra to the relinquishing of the naval interest in the island last year, we have a

history of three quarters of a century in which Puerto Rico's strategic significance was a dominant factor in American policy. The U.S. would "muddle through" in devising what type of colonial system would prevail: economic investments would flow to the sugar economy to develop a full plantation model after 1900 and later, after 1950, to help the process of industrialization. U.S. rule from Washington would swing from aggressive to tolerant paternalism, but the crucial, though less obvious, fact—made clear in two World Wars—was the strategic location of the island as the gateway to control of the Middle Caribbean.

Another salient fact of Puerto Rico's history is that throughout the 19th Century we imported people of many origins but they become largely homogeneous. We go from 150,000 inhabitants in 1800, to 600,000 in 1860, and to one million by the turn of the century, making Puerto Rico one of the most densely populated areas in the Western Hemisphere.

Today with 3.1 million inhabitants, Puerto Rico's population density is close to 1,000 per square mile, a figure that has great socioeconomic implications for a small island.

From 1800 to 1900, to repeat, we imported people. They came from all regions of Spain, from Corsica, from the Canary Islands, from Africa, from Louisiana, Haiti, Venezuela and the Lesser Antilles. At the end of the Century, we had a British group in the South; we had Germans conducting a flourishing trade with Hamburg; we had Dutch and Danes. That all these migrants were forged into a Puerto Rican type, with common languages and an emerging cultural ethos, is amazing. Even more than Manhattan has Puerto Rico been a melting pot, one that is specially noteworthy because in Puerto Rico the whole idea of minorities never took root. You may have had class and economic prejudice, including racial prejudice. But the general thrust was towards homogeneity despite great differences in ethnic origin.

How this melting pot came to be could well constitute the subject of a social history. On this occasion we can mention just two decisive factors.

The first was a Spanish decree of 1815, known in Puerto Rico as the Cédula de Gracias. This decree marked the formal abandonment by Spain of its long cherished exclusivist doctrine, for it opened Puerto Rico to trade with the United States and to settlement by foreigners. Many are the records in the archives of Puerto Rico which show that so-and-so, native of Ireland, or Curacao, or France, or Austria, obtained naturalization by virtue of the Cédula de Gracias.

The second is that slavery ended peacefully in Puerto Rico in 1873, thanks in no small measure to the efforts of the Puerto Rican abolitionists, and to the gradual decline of the institution itself. A report from the British Consul in Puerto Rico to the Foreign Office in London in 1866, which came to light only a few years ago, noted that, "Puerto Rico contains 600,000 inhabitants, of whom 308,430 are whites and 292,750 are colored. Of these, 41,600 only, or 7 per cent, are slaves, and this condition of things must be borne in mind when the Spanish colonies are spoken of, for nothing can be more dissimilar than those of Cuba and Puerto Rico".

Thus, a Puerto Rican may be blonde or black; may show some traces of Indian heritage; or may look Corsican or Sicilian. Or he may have a French, Danish, British or German surname. And, of course, he may look Andalusian, or may be taken for a Catalan. But let no one be fooled; he is a Puerto Rican.

Census classifications based on Spanish surnames will not tell the whole ethnic story about Puerto Ricans. He or she may be an Antonini or an Oppenheimer, a Gautier, a Todd, a Bothwell, a Girod, a Chardón, a Mattei, or Colberg, a Riefkohl, a Petrovich and be 100 per cent Puerto Rican.

For the Puerto Rican in Puerto Rico the Spanish language has been the great catalyst, the obvious cultural link. The American educators who at the turn of the century thought that Puerto Rico spoke a "patois" that could be easily swept away were greatly disappointed. These naive souls found themselves besieging a Gibraltar—a citadel that was never taken. In pressing to downgrade or eliminate Spanish, they touched a raw nerve.

Their failure was everybody's gain, but their attempt left deep psychological scars and a sense of estrangement which can still be felt even today, a generation after the language issue was resolved. Indeed, probably the greatest single barrier separating many Puerto Ricans from their American counterparts has been the so-called language question. From a rational standpoint, it is a senseless controversy. No educated Puerto Rican should reject English, the universal language of our times. By the same token, no educated American should resent Puerto Rico's attachment to Spanish as a core of its culture and its character. Spanish, after all, is not a picturesque dialect lost in a linguistic sea. It is one of the greatest, most dynamic and powerful languages of our times—a macro-language we may call it—ranking with Chinese, English and Russian as one of the main world languages. If some projections are right, Spanish will be the language of the largest number of people in the Western World in the XXI century.

It is a big mistake for educators anywhere to force any language down a people's throat. All they do is to create resentment and cultural trauma. Learning a language should be an attractive experience, a gateway to new revelations, never an instrument for psychic disruption or cultural denigration.

Puerto Ricans in Puerto Rico have taken and will take many things from the towering technological civilization that the U.S. has been exporting around the world: consumerism, supermarkets, speedways, Coca-Colas and Burger Kings. They may enjoy air conditioning, minis and midis, blue jeans and long hair. They may even use American slang. They will, however, retain their Spanish; will blend its accent with West Indian sounds; will add all kinds of words with a plastic, dynamic, linguisticélan. Knowledge of English may be good for the professions or the chores of trade; but in Puerto Rico when it comes to loving, swearing, singing and enjoying human company, you naturally turn to Spanish.

Puerto Ricans here of the second or third generation may well find the same high fulfillment using English. They are fighting their way in a tough world, starting sometimes at the very bottom of the social ladder. Some feel highly rejected by the surrounding social milieu, and then also find, on visting Puerto Rico, that they do not feel entirely at home.

The great migratory wave that gained momentum after the Second World War—a two-way phenomenon—has, indeed, divided Puerto Ricans into two segments, two communities, two social groups: the inner community, closer to the Island's mores; the outer community, now struggling for its place in a competitive and often hostile world. In some ways we have become different. Human beings are always defined or explained or shaped by interactions with their environment. Even within our tight, huddled Island, we see differences emerging between our vast San Juan metropolitan area, suffering from so many urban ills, protecting itself behind its grilled ironworks, and the more open, friendlier and natural society of the countryside. We are developing in the face of contrasting environments, different life-styles and behavior patterns—the anthropologists may speak of subcultures—and yet we have a yearning for a core identity as Puerto Ricans. As Puerto Ricans we should work for cultural understanding, not for aggressive tribal isolation. This feeling could be a powerful centripetal force among all Puerto Ricans—the inner, the outer, the urban, the rural, as well as those from other places who feel the pull of the land and eventually become part of us—provided we don't turn it into an ideological shibboleth. It is better to extend a friendly hand than to raise a clenched fist.

We want a Puerto Rico where man has reached a more fruitful ecological balance and has created a society less acquisitive and more geared to service and understanding. We are stressing not a return to old ways but a reaffirmation of enduring human values, especially those which are related to sensitivity, compassion, and respect for human life and for the individual.

Buffeted by conflicting political winds, in the face of an economic recession that has thrown a monkey wrench into the high-pressured growth we experienced in the 1960's, we are turning inward in search for a wiser and more humane way of life. We are discovering new delights in our cultural self-expression, in our natural surroundings, in our flora and fauna. Never have I seen so many young people in Puerto Rico interested in our old dance forms or in learning to play the guitar or the cuatro and singing the rich medleys of our folklore.

Traditions which seemed to be dead are suddenly reviving. People are reading more Puerto Rican literature and history than ever before. Gardening, along with a renewed love for our plants and trees, is growing in popularity. Amidst our social disorganization, in greater or lesser degree the product of negative social imports, I see signs here and there of a new generation with a stronger, deeper, attachment to the land, the songs, the tradition, the language.

There are many things in our contemporary Puerto Rico about which one may despair, some of which we share with urban communities on the mainland, and some of which are basically our own: the high incidence of crime; the unemployment among young people; the bleak economic picture brought by the energy crisis and the recession; the lack of adequate educational facilities and the heart-rending shortcomings in basic learning skills; the excessive politicization of life; the deterioration or sectors of the natural environment; and the development of a Puerto Rican-type of rat-race.

But there are also other things behind the looking glass: a passion for knowledge among so many students; the smiles on so many young faces; a rebirth of spiritual interest in art, religion and human communications. And in spite of the drug addicts, or the would-be terrorists, a desire for understanding and conviviality.

There are surely many emerging traits among Puerto Ricans here which may also point the way to a new rebirth. It is not for us in Puerto Rico to tell the Puerto Ricans here what to do or how to behave. We should come here not to give prescriptions, but to extend a friendly hand. We should come to explain to U.S. communities what the real Puerto Rico is like. We should help people pierce through all the grotesque distortions and diatribes and see the struggles of a society that, no matter how torn by conflicting political views, holds firmly to democratic ideals and is deeply concerned with shared

human values. Contrary to Senator Pettigrew and Professor Bailey, we surely do have bananas, and plenty of them, growing along with democracy on the same section of land and we are anxious to defend and nurture both, simultaneously, on the same ground.

Here I must emphasize one fact. We are not of a piece with Kalamazoo or Topeka, nor are we like Orono or Salem. But neither are we going the way of Angola, Mozambique or Cuba. We are not meddling with any people's life, but to put it bluntly, many of us are getting sick and tired of U.N. ambassadors meddling in our affairs, or of people who can't locate Puerto Rico on the map telling us what we should do or what we shall be.

We hold to the tenet of self-determination but we need no support on that from U.N. delegations because we are exercising it in the best way to exercise it—in free election every four years. Anyone who really gets an insight into our values and commitments will readily see that, like most people everywhere, we may enjoy the standard patterns of a technological civilization, but we also want to be ourselves.

Like everybody else, we are fighting a stiff battle against recession and our urban problems. The statistics on our unemployment may be distressing. One out of every five members of the labor force is looking for work, Governor Hernández Colón reported to the Legislature a few days ago. Our average income level may be low by U.S. standards. Inflation has hit us badly. But we are not despairing; we are reacting. We have an industrial development unmatched in the Caribbean. Our social infrastructure is way ahead of most countries in the world. The proportion of our school age population going to school at all levels, including 115,000 in post-secondary education, is larger than that of most countries of the world including some of the wealthiest nations. We are dissatisfied with our productivity. We have to have more discipline and more know-how as well as more learn-how. But we are all alive and moving and by no means ready to fall prey to the dark forebodings of Casandras from the right or the left. It is my fervent hope that in this area of quiet resolve and dedication we shall have a meeting of minds with the Puerto Ricans of the outer community and with all peoples of good will and empathetic understanding.

I began this lecture with a reference to the American Bicentennial and a question about how well Puerto Ricans and Americans of whatever origin know each other after three quarters of a century of political association. I have tried to show that there are some serious deficiencies to be corrected. A Bicentennial year is an ideal time to start that process.

For most of its two hundred years, the United States has been strongly nationalistic, thinking of itself as the chosen land, as God's country, and to be sure it has been favored by Divine Providence in many ways. But it is now beginning to understand an observation that Ralph Waldo Emerson made in his Journal: "Nationality is often silly; every nation believes that the Divine Providence has a sneaking kindness for it". The nation has begun to look upon the world with a broader vision, and, I may add, with greater insight and understanding. It has been chastened by recent events and is learning the pitfalls and perils of what Senator William Fulbright called "the arrogance of power".

That empathetic insight has to turn inward as well as outward, to take fuller account of the essential character of "this nation of immigrants", as John F. Kennedy called it.

One of the deep, powerful strains in the United States is the Hispanic or Latin-American strain. Largely submerged over two centuries, it is now coming to the surface in many sections of the land: the West, the South, the Middle West, the Northeast. Whether culturally or politically or ethnically, it is here to stay. It, too, claims a share of the right to "Life, Liberty and the Pursuit of Happiness". National recognition of that claim is in order. For the "Latin" strain can no longer be boxed in; it has learned to speak through the ballot box, that exemplary boxer of many a political ear.

As part of this empathetic understanding of which I speak there should be keener awareness of what Puerto Rico and Puerto Ricans are all about; of their perplexities and doubts; their struggles and their hopes; and their own search for identity. I congratulate you, therefore, for leading the way with this series of lectures. It is for universities to break new ground and, in extending the frontiers of knowledge, to probe—always deeper—into the human condition.

NOMINATION OF THOMAS SOVEREIGN GATES

Mr. HUGH SCOTT. Mr. President, today the Committee on Foreign Relations had a hearing on the nomination of Mr. Thomas Sovereign Gates, of Pennsylvania, former Secretary of Defense, former Secretary of the Navy, for appointment to the post of Chief of the Liaison Office of the United States to the People's Republic of China with the rank of ambassador.

I have known Mr. Gates for more than 30 years. He has demonstrated extraordinary administrative ability. He has tact, patience, and a great willingness to serve his country.

As he told me, he had long since concluded that he felt he had given a good part of his life to that service and could retire with some satisfaction to private life. Nevertheless, he has been recalled to handle a most important and, in many ways, quite a sensitive post. I am sure that he will do very well indeed in that challenging assignment.

I think a number of people know I have always had a very considerable interest in the affairs of China and in the visit there, and the distinguished majority leader and I had the opportunity to visit there, and the distinguished majority leader has returned for a second visit. I hope to go for a second visit in due time. I welcome improvement in relationships with the People's Republic of China, as I do with the improvement of relationships with all other countries, because the more we are talking the better the chance we will come to understand each other better and better as time goes on.

So I do feel that the nomination of Mr. Gates is an excellent choice, and I wish him well.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I yield.

Mr. MANSFIELD. Mr. President, I wish to concur with the statement just made by the distinguished Republican leader and to say that I think this is a most excellent choice, following in the footsteps of Ambassadors Bruce and Bush, and I am very happy that he is going to Peking to represent this country with the personal rank of ambassador.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited therein to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR SENATE, TO CONVENE AT 12 MERIDIAN ON WEDNESDAY, THURSDAY, AND FRIDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, tomorrow, and Thursday, it stand in adjournment until the hour of 12 noon on tomorrow, Thursday, and Friday, respectively.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR BARTLETT ON WEDNESDAY AND FRIDAY AND DESIGNATING PERIOD FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent on tomorrow and on Friday, after the two leaders or their designees have been recognized under the standing order, Mr. BARTLETT be recognized for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business of not to exceed 30 minutes with statements therein limited to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. STONE) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON STATUS OF ADVISORY COMMITTEES — MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. STONE) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Government Operations:

To the Congress of the United States:

In accordance with the provisions of Section 6(c) of the Federal Advisory Committee Act, the report on the status of advisory committees in 1975 is herewith forwarded.

This is the fourth annual report. It is organized to provide summary information about the activities of advisory committees, and public access to specific committees and the Federal agencies to whom they provide advice.

GERALD R. FORD.

THE WHITE HOUSE, *March 30, 1976.*

MESSAGES FROM THE HOUSE

At 12:08 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed H.R. 12262, an act to amend the Board for International Broadcasting Act of 1973 to authorize appropriations for fiscal year 1977 and to require the President to submit to the Congress a report on more effective utilization of overseas broadcasting facilities, in which it requests the concurrence of the Senate.

At 3:14 p.m., a message from the House of Representatives delivered by Mr. Hackney, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 200) to provide for the conservation and management of the fisheries, and for other purposes.

The message also announced that the House insists upon its amendments to the bill (S. 3056) to amend the Foreign Assistance Act of 1961 to provide emergency relief, rehabilitation, and humanitarian assistance to the people who have been victimized by the recent earthquake in Guatemala, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MORGAN, Mr. ZABLOCKI, Mr. DIGGS, Mr. NIX, Mr. SOLARZ, Mr. BROOMFIELD, and Mr. GILMAN were appointed managers of the conference on the part of the House.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8617) to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

HOUSE BILL REFERRED

The bill (H.R. 12262) to amend the Board for International Broadcasting Act of 1973 to authorize appropriations for fiscal year 1977 and to require the President to submit to the Congress a report on more effective utilization of overseas broadcasting facilities, was read twice by its title and referred to the Committee on Foreign Relations.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. STONE):

A resolution adopted by the Patriotic American Youth Legislature, Jackson, Miss., commending Mississippi U.S. Senator James O. Eastland; laid on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MOSS, from the Committee on Aeronautical and Space Sciences, with an amendment:

H.R. 12453. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes (Rept. No. 94–718).

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. 2920. A bill to name the building known as the Library of Congress Annex to be the Library of Congress Thomas Jefferson Building (Rept. No. 94–719).

S.J. Res. 168. A joint resolution to provide for the reappointment of James E. Webb as a Citizen Regent of the Board of Regents of the Smithsonian Institution (Rept. No. 94–720).

S. Res. 414. A resolution authorizing supplemental expenditures by the Select Committee To Study Governmental Operations With Respect to Intelligence Activities (Rept. No. 94–721).

S. Res. 416. A resolution to pay a gratuity to Leora S. Williams.

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 109. A resolution to establish a temporary select committee to study the Senate committee system (Rept. No. 94–722).

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

S. Res. 381. A resolution relating to the 15th anniversary of American commercial aviation (Rept. No. 94–723).

S.J. Res. 151. A joint resolution to authorize and request the President to issue a proclamation designating July 2, 1976, as an official holiday (Rept. No. 94–725).

By Mr. HRUSKA, from the Committee on the Judiciary, with an amendment to the title:

S.J. Res. 76. A joint resolution authorizing and requesting the President to issue a proclamation designating the 7 calendar days commencing on April 30 of each year as "National Beta Sigma Phi Week" (Rept. No. 94–724).

S.J. Res. 172. A joint resolution to designate the fourth week in June as "National Tennis Week" (Rept. No. 94–726).

ANIMAL WELFARE ACT AMENDMENTS OF 1976—CONFERENCE REPORT (REPT. NO. 94–727)

Mr. WEICKER, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1941) to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes, which was ordered to be printed.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. BARTLETT:

S. 3224. A bill to amend the Federal Water Pollution Control Act, as amended, to define the term "navigable waters" as it applies to Corps of Engineers authority. Referred to the Committee on Public Works.

By Mr. HANSEN (by request):

S. 3225. A bill to amend title 38, United States Code, to extend the period of time during which seriously disabed veterans may be afforded vocational rehabilitation training; to make improvements in the educational assistance programs; and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. BURDICK:

S. 3226. A bill to amend title 38 of the United States Code to remove the time limitations within which programs of education for veterans must be completed. Referred to the Committee on Veterans' Affairs.

By Mr. HUMPHREY (for himself, Mr. FANNIN, Mr. ROBERT C. BYRD, Mr. ABOUREZK, Mr. JOHNSTON, Mr. HUGH SCOTT, Mr. PELL, Mr. MONTOYA, Mr. MONDALE, Mr. MCGOVERN, Mr. PEARSON, Mr. MCCLURE, Mr. BENTSEN, Mr. MCGEE, Mr. WILLIAMS, Mr. JAVITS, Mr. METCALF, Mr. STONE, and Mr. NELSON):

S. 3227. A bill to accelerate solar energy research and development within the Energy Research and Development Administration, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences, the Committee on Agriculture and Forestry, the Committee on Banking, Housing and Urban Affairs, the Committee on Commerce, and the Committee on Interior and Insular Affairs, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BARTLETT:

S. 3224. A bill to amend the Federal Water Pollution Control Act, as amended, to define the term "navigable waters" as it applies to Corps of Engineers author-

ity. Referred to the Committee on Public Works.

DEFINITION OF "NAVIGABLE WATERS"

Mr. BARTLETT. Mr. President, today I am introducing legislation which in essence restates the traditional definition of "navigable waters" as used by the Corps of Engineers. This is the definition which has been applied over a long period of time and has proved to be a workable and equitable means by which the corps exercises its responsibility over water which is used for interstate commerce, yet reserves to the States and local units of government those bodies of water which are under this jurisdiction.

Also, the definition traditionally used does not include bodies of water which are on private property. The continuance of this definition and the separation of privately owned waters from federally controlled waters is also included in my amendment. The farmer has historically built and maintained ponds or small lakes, which in many cases, were designed and located with the assistance of the Department of Agriculture. This amendment would insure that those bodies of water which are wholly contained upon privately owned property will not be under the jurisdiction of the Corps of Engineers.

The final section of the bill which I am introducing restates the definition of what waters are actually navigable.

Traditionally, the corps has exercised jurisdiction over only those waters which were susceptible to use in their natural condition or that, by reasonable importation of goods in interstate commerce. This jurisdiction has served adequately for a number of years, and there has been no demand by the public for change.

What my bill does is to provide the parameters within which the courts will render decisions as to the responsibility of the corps over the waterways of the United States.

This problem of navigable waters arose out of a court interpretation of the congressional intent in the Federal Water Pollution Control Act. The court, in its wisdom, found that Congress intended the corps to regulate all bodies of water, even if there was no evidence that they would ever be navigable. Only Congress can say what it intended in this legislation, but I do not find that it was the intent of Congress to extend the Corps of Engineers responsibility to all bodies of water throughout the United States.

The charge to the corps by the U.S. District Court for the District of Columbia leads to a staggering extension of Federal authority and a major advance of Federal interference into private lives, private business, and local control.

Not only will Federal interference continue to expand under this court decision, but also the cost will continue to escalate. There is no realistic determination of the cost, but the policing action required under this decision will take away from the more urgent needs of urban flooding and the continued improvement of our Nation's interstate waterways.

I propose that this amendment not return the country to an antiquated system of uncontrolled water resources, but rather to insure the continued, orderly development of those resources at the Federal, State, and local levels. It is important that we have a system that enables each level of government to operate in those areas where they have the most knowledge.

I, therefore, urge my colleagues to expedite the passage of this legislation.

By Mr. BURDICK:

S. 3226. A bill to amend title 38 of the United States Code to remove the time limitations within which programs of education for veterans must be completed. Referred to the Committee on Veterans' Affairs.

Mr. BURDICK. Mr. President, the time period within which veterans must use their educational assistance benefits will end on June 1 of this year. Unless the 94th Congress acts before this deadline, close to 500,000 veterans will lose their benefits.

With this in mind, I am today introducing a bill which would remove the time limitations within which programs of education for veterans must be completed. Essentially, this proposal would be instrumental in allowing the veteran to complete his college training, thus providing for the eventual economic well-being of his family. There is no question in my mind that the veteran should be entitled to educational assistance until he has used all the benefits entitled him. He has earned as much.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3226

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1662 of title 38, United States Code, is amended to read as follows:

§ 1662. Educational assistance available until used.

"Educational assistance afforded to eligible veterans under this chapter shall remain available until used.".

(b) The analysis of subchapter II of chapter 34 of such title 38 is amended by striking out

"1662. Time limitations for completing a program of education."

and inserting in lieu thereof

"1662. Educational assistance available until used.".

By Mr. HUMPHREY (for himself, Mr. FANNIN, Mr. ROBERT C. BYRD, Mr. ABOUREZK, Mr. JOHNSTON, Mr. HUGH SCOTT, Mr. PELL, Mr. MONTOYA, Mr. MONDALE, Mr. MCGOVERN, Mr. PEARSON, Mr. MCCLURE, Mr. BENTSEN, Mr. MCGEE, Mr. WILLIAMS, Mr. JAVITS, Mr. METCALF, Mr. STONE, and Mr. NELSON):

S. 3227. A bill to accelerate solar energy research and development within the Energy Research and Development Administration, and for other purposes. Referred to the Committee on Aeronautical and Space Sciences, the Committee on Agriculture and Forestry, the Committee on Banking, Housing and Urban Affairs, the Committee on Commerce, and the Committee on Interior and Insular Affairs, jointly, by unanimous consent.

SOLAR ENERGY ACT OF 1976

Mr. HUMPHREY. Mr. President, I am not satisfied with our progress in developing solar energy. We have made some notable strides: for example, solar water heating is economically competitive in most regions now of the United States.

Yet, we have also seen great reluctance on the part of the administration to aggressively pursue solar energy development. Instead, a variety of nuclear and nonnuclear energy alternatives are emphasized in the media and in funding requests—alternatives which are in some cases more remote technically and economically than solar energy.

In one word, we have failed to achieve a balance in promoting advance energy research and development. And we have failed to achieve a balance at the expense of solar energy for two reasons, I believe.

First, solar energy does not have a well-developed, vocal, and aggressive body of private industrial firms supporting increased Federal funding and demonstration projects.

Second, solar energy is still a cottage industry; as a result, it cannot yet compete economically with fossil fuels. Despite being essentially fully developed technically, solar energy has not been able to achieve the economies of scale so necessary to price reductions and wide-scale public adoption. In fact, solar energy is a classic chicken-and-egg situation: it will not be widely utilized until costs decline, but costs will not fall without expanded demand and associated economies of scale production.

EXPANDING SOLAR ENERGY USE

Extensive solar energy use will occur. By following the administration's proposals, we delay such use past 1985 or 1990. That means continued reliance on alternative energy sources which impose relatively severe environmental costs on society.

There is no reason, however, to delay solar energy development for another decade or two. The Congress clearly made that point last year in appropriating 30 percent more for solar energy than requested by the Energy Research and Development Administration. Increased utilization of solar energy requires a three-pronged program: demonstration, temporary market creation, and technical support.

In view of the advanced state of solar technology, Federal solar efforts should focus on demonstrations and market creation. Unfortunately, these are the areas most ignored thus far in the solar effort. To date, only a literal handful of heating, cooling, or hot water demonstration

awards have been made. And even fewer demonstration awards have been made in the remaining solar areas of wind, solar thermal, photovoltaics, OTEC, agricultural applications, or biomass. Finally, there is not one explicit program underway or envisioned to stimulate development of a market for solar energy devices using Federal buildings or complexes.

It is clear, then, what must be done at the Federal level to stimulate solar energy: an aggressive demonstration and market creation effort must be established to complement the existing technically oriented solar programs. And the objectives of this new dual effort should be equally clear: to promote widespread acceptance of solar energy, and to generate sufficient demand to enable economies of scale in production to be realized.

This cannot be entirely done in the next fiscal year, 1977. But the effort must be initiated then. For that reason, I have authored the Solar Energy Act of 1976. I am gratified that 18 Senators have joined in sponsoring this legislation.

It specifies the establishment of a number of demonstration projects, particularly of solar thermal electric facilities, to evaluate existing technology. It will fund continuation of up to 600 residential/commercial heating and cooling demonstrations. And it continues a variety of wind, biomass, and agricultural solar demonstration projects imperiled by cuts in budget requests mandated by the Office of Management and Budget.

Perhaps most importantly, the legislation restores funding for photovoltaic electric systems to the level requested by the photovoltaic branch within ERDA. This original request of $59.2 million for fiscal year 1977 was subsequently reduced to only $22 million for submission to Congress. That is an inadequate level of funding. And it is inadequate because photovoltaics is the fastest developing of all solar technologies.

The per-watt cost of these cells has fallen from $300 to $10 in less than 2 years. It is apparent that further cost reductions are likely—and that electricity from photovoltaic cells may be cost competitive within 5 or 6 years. The solar program, or any research and development program, must exploit breakthroughs—and that is what the Solar Act is designed to do in the case of photovoltaics.

Let me close by noting several pertinent facts regarding this solar bill.

It provides for a fiscal year 1977 solar authorization of $238 million—about equal to the request by ERDA's Solar Division of $230 million for fiscal year 1977. This figure is 43 percent above the outlay level suggested recently for solar energy by the House Science and Technology Committee.

The act is generally patterned on the House committee's legislation—in fact, it calls for identical spending on solar heating and cooling, OTEC, and solar technology utilization and information dissemination. It does not reduce any solar authorization level proposed by the House committee. The act provides for an increase in four areas:

It mandates at least 20 so-called anaerobic digester demonstrations for fiscal year 1977. The biomass fuel devices produce methane from animal and farm wastes. They are widely used internationally and will markedly reduce farm dependency on propane;

It raises the solar photovoltaic authorization to the level requested by ERDA's solar branch. This adjustment is designed to utilize the striking progress in cost reductions being achieved by private contractors in the solar technology with the widest application, and the only solar technology—other than OTEC—capable of functioning well in cloudy conditions.

It mandates two solar electric demonstration powerplants to be established: First, in cooperation with a small community, electric co-op, or municipal utility; and second, for agricultural use. It also mandates a distributed collector demonstration facility, a hybrid—solar plus coal combination—demonstration powerplant, and a solar powered crop irrigation demonstration program; and

It mandates initial construction of a multiunit 10-megawatt wind energy pilot plant.

The act also revises ERDA's authority to encourage cost-sharing and small business participation in demonstration projects; also required is an evaluation of the interface problem between utility grids and onsite solar electric systems.

Mr. President, I ask unanimous consent that a factsheet and table on the Solar Energy Act of 1976, and the text of the act itself, be printed in the RECORD.

There being no objection, the bill and factsheet were ordered to be printed in the RECORD, as follows:

S. 3227

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Solar Energy Act of 1976."

TITLE I—FINDINGS, POLICY, PURPOSE, AND DEFINITIONS

SEC. 101. (a) The Congress hereby finds that—

(1) the current imbalance between domestic supply and demand for energy is likely to continue;

(2) it is in the Nation's interest to initiate a national commitment toward achieving energy independence within fifteen years;

(3) energy independence can be promoted through the use of solar and geothermal energy as a source for at least 10 per centum of the Nation's energy needs by 1991;

(4) the national effort in testing, evaluating, and utilizing solar and geothermal energy continues to be limited and ineffective;

(5) small business concerns and individual inventors make unique and valuable contributions to technological innovation in the fields of energy resource development and utilization and, through such innovation, to the security, prosperity, and welfare of the Nation;

(6) increased competition within the energy industries of the Nation will maximize innovation, invigorate economic development, and expedite the Nation's drive for energy self-sufficiency;

(7) the utilization of solar energy can be most rapidly promoted by the selective creation of markets through Federal purchases of solar technologies ready for commercial demonstration: Therefore,

(8) it is declared to be the policy of the United States and the purpose of this Act to reduce the national reliance on crude oil imports as an energy source by demonstrating the reliability of solar energy generation facilities.

(b) For the purposes of this Act—

(1) the term "Administrator" means the Administrator of the Energy Research and Development Administration;

(2) the term "anaerobic digester" means any machine, device or structure whose primary function is the conversion or change of waste products, animal or vegetable into usable flammable gas (methane or other) or usable fertilizer;

(3) the term "total solar energy system," with respect to any building or complex of buildings, means the use of solar energy (including devices for the storage thereof) to meet all the total energy needs of such building or complex, including electricity generation, space heating and cooling and hot water generation, or to meet such portion of the total energy needs as may be required under performance criteria prescribed by the Administrator utilizing the services of the Secretary of Housing and Urban Development and the Director of the National Bureau of Standards.

TITLE II—SOLAR ENERGY FISCAL YEAR 1977 SUGGESTED BUDGET OUTLAYS FOR OPERATING EXPENSES, PLANT AND EQUIPMENT, AND CONSTRUCTION

SEC. 201. It is the sense of the Congress that budget outlays should be made during fiscal year 1977 for the purposes hereinafter enumerated in the following amounts:

(1) Solar Heating and Cooling—to enable the Administrator and the Secretary of Housing and Urban Development to implement 2,000 residential units and 4,000 residential unit demonstration programs proposed through 1979; to implement the 60 commercial demonstration projects proposed for fiscal year 1977; and to support continued research and development of solar heating and cooling technology, the sum of $59,700,000 for the fiscal year 1977;

(2) Agricultural and Industrial Process Heat—to restore proposed demonstration programs in solar-generated farm and manufacturing process heat, the sum of $4,600,000 for the fiscal year 1977;

(3) Solar-Thermal Electric—to maintain the procurement and development schedules for previously authorized test facilities and a central receiver powerplant and to restore the National Science Foundation's solar thermal programs, the sum of $39,800,000 for the fiscal year 1977;

(4) Photovoltaic—to restore proposed development and demonstration programs, and to accelerate cost-reduction in photovoltaic production, the sum of $59,200,000 for the fiscal year 1977;

(5) Ocean Thermal—to facilitate rapid development of this technology and experiments to resolve biofouling questions, the sum of $13,000,000 for the fiscal year 1977;

(6) Wind—to maintain the development of wind demonstration projects, the sum of $15,000,000 for the fiscal year 1977;

(7) Solar Crop Irrigation Systems—to enable the Administrator to promptly initiate and carry out a program to develop and demonstrate solar-powered crop irrigation systems, the sum of $2,000,000 for the fiscal year 1977;

(8) to enable the Administrator to promptly initiate and carry out a program to develop and evaluate agricultural biomass systems suitable for use on farms and feed lots, including the evaluation of at least twenty anaerobic digesters demonstrations of vary-

ing scales during the fiscal year 1977, the sum of $1,500,000 for the fiscal year 1977;

(9) Biomass—to accelerate the commercial utilization and demonstration of biomass fuels, the sum of $4,200,000 for the fiscal year 1977;

(10) Resource Assessment Technology Utilization and Information Dissemination—to restore an adequate level of data collection and analysis capability and to accelerate the dissemination of information on solar energy, the sum of $6,800,000 for the fiscal year 1977;

(11) Solar Energy Research Institute—to enable planning for this cornerstone of the national solar program to proceed, the sum of $2,500,000 for the fiscal year 1977;

(12) to provide for additional capital equipment not specified herein, the sum of $4,300,000 for the fiscal year 1977;

(13) for construction of Project 76-2-C total energy demonstration facility, 1 megawatt electric, 10 megawatts thermal, the sum of $2,500,000 for the fiscal year 1977;

(14) for construction of Project 77-2-A solar thermal electric demonstration powerplant for a small community, electric cooperative or municipal utility, 5 megawatts (baseline design studies), the sum of $1,500,000 for the fiscal year 1977;

(15) for construction of Project 77-2-B solar electric-hybrid (photovoltaic-coal) demonstration powerplant, 10 megawatts (baseline design studies and utility interconnect studies), the sum of $3,000,000 for the fiscal year 1977;

(16) for construction of Project 77-2-C solar thermal electric demonstration powerplant for agricultural use, 5 megawatts (baseline design studies), the sum of $1,500,000 for the fiscal year 1977;

(17) for construction of Project 76-2-A, 5 megawatts solar thermal test facility, Sandia, the sum of $10,000,000 for the fiscal year 1977;

(18) for construction of Project 76-2-B, 10 megawatts central receiver solar thermal powerplant, the sum of $1,000,000 for the fiscal year 1977;

(19) for construction of Project 77-2-D, 5 megawatts distributed collector receiver solar thermal test facility, the sum of $2,000,000 for the fiscal year 1977;

(20) for construction of Project 77-2-E, 10 megawatts Wind Electric Test facility (baseline design studies) the sum of $900,000 for the fiscal year 1977; and

(21) for additional construction not specified herein, the sum of $2,600,000 for the fiscal year 1977.

TITLE III—RESPONSIBILITIES OF THE ADMINISTRATOR—AMENDMENT TO THE ENERGY REORGANIZATION ACT OF 1974

SEC. 301. Section 103 of the Energy Reorganization Act of 1974 (42 U.S.C. 5813) is amended (1) by redesignating the existing text thereof as subsection (a), and (2) by adding new subsections thereto as follows:

"(b)(1) COST-SHARING. It shall be the duty of the Administrator to insure to the maximum extent possible that a portion of the procurement conducted under authority granted by this Act shall be on the basis of cost-sharing with private business when such procurement is to be utilized by or in commercial buildings and complexes, including utilities.

"(2) SMALL BUSINESS. The Administrator shall consult with the Administrator of the Small Business Administration before granting or contracting for any demonstration projects authorized pursuant to this Act. The Administrator of the Small Business Administration shall determine the set-aside for each area of demonstration, in each case, the set-aside to be the maximum feasible.

"(c) REPORT—Electric utility interface with on-site solar electric systems. By September 30, 1977, the Administrator shall report to the President and the Congress on the integration of existing electric utility systems with decentralized solar-electric generation systems. Such report shall include:

"(1) the extent to which reserve utility electric generation capacity is necessary or appropriate to support such systems and their related energy storage devices;

"(2) the possible funding arrangements for reserve utility electric generation capacity necessary to support such systems and their related energy storage devices; and

"(3) the extent to which a greater integration of existing electric grids, and extensive use of energy storage devices for decentralized solar-electric generation systems will minimize the need for reserve utility electric generation capacity to support such systems."

— —

THE SOLAR ENERGY ACT OF 1976

FACT SHEET

Solar heating and cooling

The Office of Management and Budget (OMB) reduced by one-half to about 500 the number of demonstration awards requested by the Energy Research Development Administration (ERDA) Solar Division for fiscal year (FY) 77. The House Science and Technology Committee suggested a level of funding sufficient to restore most of these awards—the Solar Act calls for an identical funding level of $59.7 million.

Agriculture and industrial process heat

OMB reduced the Division's request to 28 projects for FY 77 in 19 states from 54 projects in 40 states. Again, Science and Technology suggested funding to restore most of these projects, and the Solar Act calls for an identical level of outlays of $4.6 million.

Technical support and SERI

OMB sharply reduced outlays sugegsted for these solar support activities. Science and Technology restored most of the requested funds and, again, the Solar Act calls for an identical outlay restoration, to a suggested $6.8 million for technical support. The Solar Act does, however, call for a greater acceleration in SERI's budget, than did Science and Technology, to a total of $2.5 million for FY 77.

Biomass

OMB reduced the Solar Division request by over one-half. Science and Technology restored only one-third of this cut. The Solar Act restores another 40 percent for a suggested total outlay of $5.7 million, including $1.5 million earmarked for devices to produce methane from feed lot residue.

Ocean thermal

OMB reduced outlays suggested by the Solar Division by 60 percent; Science and Technology restored a portion—but not enough to initiate construction of an OTEC test facility. The Solar Act calls for an identical level of outlays for FY 77.

Solar thermal

OMB reduced the Solar Division's request by one-third and delayed construction of two major test and evaluation facilities for up to one year. Science and Technology partially restored these requested funds; the Solar Act restores the remainder for a suggested outlay of almost $40 million. In addition to the three test and demonstration solar thermal facilities previously mandated, four new facilities are mandated by the Solar Act:

5 MWe demonstration solar thermal powerplant for agricultural use;

5 MWe demonstration solar thermal powerplant for rural electric co-op or small municipal utility;

10 MWe hybrid (solar-coal) demonstration solar thermal powerplant; and

5 MWe distributed collector test facility.

These additions raise the suggested total solar thermal FY 77 outlays for construction to $21 million for seven facilities.

Photovoltaic

Technological evaluation and research support for cell development was reduced almost by one-half, including a promising pilot line operation of the cadmium sulfide thin film process. Only 10 percent of these OMB reductions were restored by Science and Technology. The Solar Act goes further. To take advantage of the most rapidly advancing of all solar technologies, the Act suggests restoration of the full Solar Photovoltaic Branch request of $59.2 million. This level will enable the striking cost reductions in this technology to continue.

Wind

OMB reduced the Solar Division's request by one-half. Science and Technology restored none of this cut; the Solar Act does restore 25 percent of the cut (to $15 million) and also adds almost another $1 million to keep the previously mandated 10 MWe wind test facility on schedule.

Small business and cost-sharing

The Solar Act calls upon ERDA and the SBA to encourage small business participation in solar development. It also requires ERDA to pursue cost-sharing arrangements with private firms where feasible for demonstration facilities.

The attached table provides a detailed breakdown of FY 77 solar funding requests.

ERDA—SOLAR ENERGY FUNDING REQUESTS, FISCAL YEAR 1977 OUTLAYS [1]

[Millions]

	Solar division	OMB (congressional submission)	House committee	Solar Act
Operating funds:				
Heating and cooling	$81.4 (92.8)	$34.5 (45.3)	$59.7 (78.9)	$59.7
Agriculture and process heat	5.9 (6.7)	2.5 (3.9)	4.6 (6.7)	4.6
Solar thermal	39.8 (45.0)	26.5 (30.9)	[3] 31.8 (38.0)	[3] 41.8
OTEC	17.4 (21.2)	7.0 (9.2)	13.0 (17.0)	13.0
Photovoltaics	[4] 59.2 (81.0)	22.0 (28.2)	25.1 (32.1)	59.2
Wind	24.4 (28.8)	12.0 (16.0)	12.0 (16.0	15.0
Biomass	6.6 (8.1)	3.0 (4.3)	4.2 (6.0)	5.7
Technical support	8.3 (12.2)	1.5 (2.5)	6.8 (8.5)	6.8
SERI	2.0 (2.2)	1.5 (1.5)	1 7 (2.5)	2.5
Subtotal, operating funds	245.0 (298.0)	110.5 (142.0)	159.0 (206.0)	208.3
Capital equipment	9.5 (17.2)	2.8 (5.7)	4.3 (8.5)	4.3
Construction	4.4 (2.55)	2.6 (12.5)	2.6 (12.5)	25.0
Total	275.0 (358.0)	116.0 (160.0)	166.0 (227.0)	237.6

[1] Budget authority in parenthesis.
[2] Includes $2,500,000 in outlays and $4,000,000 in budget authority for 1 total energy demonstration facility.
[3] Includes $2,000,000 for solar crop irrigation demonstrations.
[4] Request by ERDA's photovoltaic branch.

Mr. FANNIN. Mr. President, my distinguished friend from Minnesota and I have long contended that solar energy could be and should be a major source in meeting this country's present and future energy demands.

For that reason, it was particularly gratifying to see the Congress mandate a strong Federal role for solar research and development in the 93d Congress. The Solar Heating and Cooling Act of 1974 envisioned thousands of residences across the country equipped with available solar collectors for heating and cooling. The Solar Energy Research, Development, and Demonstration Act of 1974 pledged $1 billion for the development of solar high technology and requested the administration to establish a National Solar Energy Research Institute.

Yet, here we are 2 years later with a budget request that is barely over $100 million and no sign of the Institute—with the exception of a request for proposal which indicates that somewhere along the line our concept of a national solar focal point has shrunk to the size of an extension to the local public library.

As a supporter of nuclear energy development. I find it harder and harder to answer the cries of the antinuclear movement about the ever-widening gap in Federal research moneys between nuclear funding and other energy alternatives. It was never our intention to pit energy sources against one another. We understand now the folly of relying too heavily on any one energy resource—such as oil or gas.

Instead, we determined, with the act that established the Energy Research and Development Administration, to fund all types of promising energy research programs more adequately. In this way, we can bring technologies, such as solar heating and cooling, to the marketplace at a much earlier date than if the private sector was left to take the risk alone.

It is because we feel solar energy development could be progressing more rapidly that the distinguished Senator from Minnesota and I—and 20 of our colleagues—offer the Solar Energy Act of 1976 today.

This bill would simply restore the solar budget to the approximate level of the Solar Division request before the Office of Management and Budget arbitrarily slashed this particular program in the 1977 administration request.

The act also places a new urgency on the development of solar electric technology. Utilities and their customers simply cannot afford, in this period of high electricity rates, to pay higher fuel rates and also fund research on technologies which should be replacing fossil fuels as soon as possible in many areas. Several of the solar electric technologies are available at present, such as photovoltaic conversion and ocean thermal. But these ventures are entirely too costly to compete with the artificial fossil fuel prices of today. It will take economics of scale and possibly further materials research to lower some of these costs. Without Federal help, the realization of these hopes may be unfulfilled for years.

Consequently, in the areas of research and development on ocean thermal, photovoltaics, solar thermal, and wind technology, the act calls for a total of $128 million in outlays for fiscal year 1977, a figure still below the request by the Solar Division but certainly more aggressive than the budget request.

The Solar Act also mandates a strong program for the agricultural use of solar energy for such purposes as crop-drying and the production of methane from feedlot residue through bioconversion.

Mr. President, I could offer any number of articles on the private sector's activities and indication of interest in this resource, but the expressions of interest in solar energy development are so numerous that I am sure my colleagues read and hear of them everyday.

Instead, I will emphasize the other major aspect of this legislation we are proposing—that of demonstration. Other than the heating and cooling activity—which is reduced greatly from the original congressional scope—we have only two solar projects in progress—a 5-megawatt test facility and a 10-megawatt powerplant. This legislation would boost the demonstration activity up to seven facilities.

By passage of our plan, the Congress would be mandating in addition to present work, a total energy demonstration facility—1 megawatt electric and 10-megawatt thermal; two solar thermal powerplants—each 5 megawatts, one for agricultural use and one for use as a small municipal utility; a 5-megawatt distributed collector test facility and a hybrid powerplant to demonstrate the coupling of solar energy and coal.

Mr. President, I would certainly hope we could add this legislation to the list of accomplishments of the 94th Congress. The development of the solar resource is vital and I feel a strong Federal role is desirable. Americans are anxious to change this country's habits of resource depletion and environmental pollution. Solar energy is abundant and clean—let us take the challenge and assist this country in utilizing this resource as early as possible.

Mr. MOSS subsequently said: Mr. President, I ask unanimous consent that a bill introduced earlier by the Senator from Minnesota (Mr. HUMPHREY) for himself and others relative to the Solar Energy Act of 1976 be referred jointly to the Committee on Agriculture and Forestry, Aeronautical and Space Sciences, Banking, Housing and Urban Affairs, Commerce, and Interior and Insular affairs.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2020

At the request of Mr. RIBICOFF, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2020, a bill to provide optometric coverage under part B medicare payments.

S. 2936

At the request of Mr. HANSEN, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2936, a bill to amend part B of title XI of the Social Security Act to assure appropriate participation by optometrists in the peer review and related activities authorized under such part.

S. 3045

At the request of Mr. MCGOVERN, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Massachusetts (Mr. BROOKE) and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of S. 3045, a bill to establish a National Commission on Food Production, Processing, Marketing, and Pricing to study the food industry from the producer to the consumer.

S. 3071

At the request of Mr. HANSEN, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 3071, a bill to provide for determination of grazing fees.

SENATE RESOLUTION 381

At the request of Mr. CANNON, the Senator from Idaho (Mr. CHURCH) was added as a cosponsor of Senate Resolution 381, a resolution which provides recognition for the 50th anniversary of commercial aviation.

SENATE RESOLUTION 416—AN ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. CANNON, from the Committee on Rules and Administration, reported the following original resolution, which was placed on the calendar:

S. RES. 416

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Leora S. Williams, widow of John L. Williams, an employee of the Senate at the time of his death, a sum equal to seven and one-half months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 417—SUBMISSION OF A RESOLUTION TO PROVIDE FOR A LIMITATION ON THE NUMBER OF SUBCOMMITTEE CHAIRMANSHIPS THAT ANY SENATOR CAN HOLD

(Referred to the Committee on Rules and Administration.)

Mr. BUMPERS (for himself, Mr. GARY HART, Mr. DURKIN, Mr. HATHAWAY, Mr. GLENN, Mr. HASKELL, and Mr. CHILES) submitted the following resolution:

S. RES. 417

Resolved, That paragraph 6 of Rule XXV of the Standing Rules of the United States Senate is amended by adding at the end thereof the following new subparagraph (1):

"No Senator who is serving at any time as chairman of a committee named in paragraph 2 may at the same time serve also as chairman of more than one subcommittee of any of the committees named in the said paragraph 2. No other Senator shall serve at any time as chairman of more than two subcommittees of any of the committees named in paragraph 2. This subparagraph shall take effect on that date occurring during the first session of the Ninety-fifth Congress, upon which the appointment of the majority and minority party members of the standing committees of the Senate is initially completed."

Mr. BUMPERS. Mr. President, I send to the desk a resolution to amend rule XXV of the Standing Rules of the Senate and ask that it be appropriately referred.

Mr. President, I submit this resolution for myself and Senators GARY HART, DURKIN, HATHAWAY, GLENN, HASKELL, and CHILES. The resolution would provide for a more even distribution of positions of leadership in the Senate. First of all, Senators who serve as chairmen of a major standing committee—a committee listed in paragraph 2 of rule XXV—would be permitted to serve concurrently as chairmen only of one subcommittee within the category of major standing committees. In addition, Senators who are not chairmen of major standing committees could serve as chairmen of only two subcommittees within the same category. In other words, a Senator could head either two subcommittees, or one subcommittee and one major standing committee, but no more.

My advocacy of this change is not intended in any way to denigrate the faithful service of many Senators who have carried responsibilities in excess of those that would be permitted under my proposal. I do believe, however, that the proposal would have several useful results. It would give those Senators who chair a major standing committee more time to devote to this, their primary responsibility. It would also insure that subcommittees, in which much of the important legislative work of the Senate is done, would be headed by Senators who have an adequate amount of time to devote to their business.

Those Senators who are not now chairman either of a standing committee or of a subcommittee would in all likelihood receive a chairmanship under this proposal, with the added influence on legislation and access to staff time that a chairmanship would bring. In short, the work of the Senate would be more equitably shared, and the expertise that senior Members have built up would be more efficiently channeled.

Examination of the records of subcommittee meetings during the first session of the 94th Congress reveals that there were a total of 1,130 subcommittee meetings during that session. Mr. President, I ask unanimous consent that a study by the Library of Congress listing each subcommittee and the number of meetings held by it during the first session of this Congress be printed in full in the RECORD at this point in my remarks.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

SENATE COMMITTEE AND SUBCOMMITTEE ACTIVITY STATISTICS, 94TH CONGRESS, 1ST SESSION [1]

Committee on Aeronautical and Space Sciences	15
Subcommittee on Upper Atmosphere	7
Subcommittee on Space Technology and National Needs	3
Subcommittee Meetings	10
Committee on Agriculture and Forestry	37
Subcommittee on Environment, Soil Conservation, and Forestry	2
Subcommittee Agricutural Credit and Rural Electrification	3
Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices	11
Subcommittee on Agricultural Research and General Legislation	11
Subcommittee on Rural Development	9
Subcommittee on Foreign Agricultural Policy	9
Subcommittee Meetings	39
Committee on Appropriations	22
Subcommittee on Agriculture and Related Agencies	17
Subcommittee on Defense	33
Subcommittee on the District of Columbia	6
Subcommittee on Foreign Operations	13
Subcommittee on HUD—Independent Agencies	28
Subcommittee on Interior	24
Subcommittee on Labor—HEW Appropriations	47
Subcommittee on Legislative Branch Appropriations	12
Subcommittee on Military Construction	6
Subcommittee on Public Works	30
Subcommittee on State, Justice, Commerce, and the Judiciary	5
Subcommittee on Transportation	22
Subcommittee on Treasury, Postal Service, and General Government	16
Subcommittee on Intelligence Operations	5
Subcommittee Meetings	264
Committee on Armed Services	40
Subcommittee on Intelligence	4
Subcommittee on Preparedness Investigating	0
Subcommittee on National Stockpile and Naval Petroleum Reserves	1
Subcommittee on Military Construction Authorization	4
Subcommittee on Arms Control	2
Subcommittee on Tactical Air Power	11
Subcommittee on Research and Development	24
Subcommittee on General Legislation	3
Subcommittee on Manpower and Personnel	17
Subcommittee Meetings	66
Committee on Banking, Housing and Urban Affairs	83
Subcommittee on Oversight	0
Subcommittee on Housing and Urban Affairs	16
Subcommittee on Financial Institutions	6
Subcommittee on Securities	8
Subcommittee on International Finance	7
Subcommittee on Production and Stabilization	1
Subcommittee on Consumer Affairs	9
Subcommittee on Small Business	7
Subcommittee Meetings	54
Committee on the Budget	50
Task Force on Defense	4
Task Force on Energy	1
Task Force on Capital Needs and Monetary Policy	6
Task Force on Tax Policy [2]	3
Task Force Meetings	14
Committee on Commerce	88
Subcommittee on Aviation	12
Subcommittee on Communication	9
Consumer Subcommittee	17
Environment Subcommittee	9
Subcommittee on Foreign Commerce and Tourism	4
Subcommittee on the Merchant Marine	3
Subcommittee on Oceans and Atmosphere	3
Subcommittee on Surface Transportation	27
Special Subcommittee on Science, Technology, and Commerce	6
Special Subcommittee on Oil and Gas Production and Distribution	4
Special Subcommittee to Study Textile Industry	0
Special Subcommittee to Study Transportation on Great Lakes and St. Lawrence Seaway	0
Special Subcommittee on Freight Car Shortage	0
Subcommittee Meetings	94
Committee on the District of Columbia (no subcommittees)	10
Committee on Finance	47
Subcommittee on Health	0
Subcommittee on Foundations	0
Subcommittee on International Trade	2
Subcommittee on International Finance and Resources	1
Subcommittee on Private Pension Plans	0
Subcommittee on Social Security Financing	0
Subcommittee on Energy	4
Subcommittee on Financial Markets	7
Subcommittee on Revenue Sharing	4

[1] Compiled from survey of *Congressional Record's* Daily Digest summary of Senate, committee meetings. Activities include closed and open hearings, markup sessions, business meetings, and joint sessions. The Senate Daily Digest summary is prefaced with the notice "Committee not listed did not meet." Several committees use their subcommittees as study bodies. Additionally, some committees use their oversight subcommittees to conduct staff studies preferring to have oversight hearings conducted by legislative subcommittees. These factors may account for the small number of meetings recorded for several subcommittees.

[2] The Budget Committee task forces were constituted as ad hoc consultative bodies within the full committee. The task forces were not mandated to assist in setting the aggregate budget amounts required of the committee, but were designed to inquire into the long-term economic effects of various budgetary policies.

Subcommittee on Administration of the Internal Revenue Code	5
Subcommittee on Supplemental Security Income	0
Subcommittee Meetings	23
Committee on Foreign Relations	81
Subcommittee on European Affairs	1
Subcommittee on Far Eastern Affairs	0
Subcommittee on Multinational Corporations	28
Subcommittee on Arms Control and Security Agreements	9
Subcommittee on Oceans and International Environment	4
Subcommittee on Western Hemisphere Affairs	4
Subcommittee on Near Eastern and South Asian Affairs	2
Subcommittee on Foreign Assistance and Economic Policy	22
Subcommittee on African Affairs	10
Subcommittee Meetings	80
Committee on Government Operations	46
Permanent Subcommittee on Investigations	24
Subcommittee on Intergovernmental Relations	15
Subcommittee on Reports, Accounting, and Management	8
Subcommittee on Oversight Procedures	1
Subcommittee on Federal Spending Practices, Efficiency, and Open Government	16
Subcommittee Meetings	64
Committee on Interior and Insular Affairs	81
Subcommittee on Energy Research and Water Resources	24
Subcommittee on Environment and Land Resources	14
Subcommittee on Indian Affairs	12
Subcommittee on Minerals, Materials and Fuels	10
Subcommittee on Parks and Recreation	7
Special Subcommittee on Legislative Oversight	0
Ad Hoc Subcommittee on Integrated Oil Operations	0
Subcommittee Meetings	67
Committee on the Judiciary	43
Subcommittee on Administrative Practices on Procedures	20
Subcommittee on Antitrust and Monopoly	42
Subcommittee on Constitutional Amendments	11
Subcommittee on Constitutional Rights	13
Subcommittee on Criminal Laws and Procedures	9
Subcommittee on FBI Oversight	0
Subcommittee on Federal Charters, Holidays, and Celebrations	0
Subcommittee on Immigration and Naturalization	0
Subcommittee on Improvements in the Judicial Machinery	32
Subcommittee on Internal Security	4
Subcommittee on Juvenile Delinquency	14
Subcommittee on Patents, Trademarks, and Copyrights	3
Subcommittee on Penitentiaries	4
Subcommittee on Refugees and Escapes	6
Subcommittee on Revision and Codification	0
Subcommittee on Separation of Powers	7
Subcommittee Meetings	165
Committee on Labor and Public Welfare	30
Subcommittee on Labor	6
Subcommittee on the Handicapped	8
Subcommittee on Education	21
Subcommittee on Health	38
Subcommittee on Employment, Poverty, and Migratory Labor	6
Subcommittee on Children and Youth	9
Subcommittee on Aging	5
Subcommittee on Alcoholism and Narcotics	4
Special Subcommittee on the Arts and Humanities	1
Special Subcommittee on the National Science Foundation	4
Special Subcommittee on Human Resources	0
Subcommittee Meetings	102
Committee on Post Office and Civil Service	14
Subcommittee on Civil Service Policies and Practices	0
Subcommittee on Compensation and Employment Benefits	9
Subcommittee on Postal Operations	0
Subcommittee Meetings	2
Committee on Public Works	40
Subcommittee on Environmental Pollution	33
Subcommittee on Economic Development	9
Subcommittee on Transportation	15
Subcommittee on Water Resources	6
Subcommittee on Disaster Relief	0
Subcommittee on Buildings and Grounds	13
Panel on Materials Policy	0
Panel on Environmental Science and Technology	1
Subcommittee Meetings	77
Committee on Rules and Administration	60
Subcommittee on the Standing Rules of the Senate	1
Subcommittee on Privileges and Elections	0
Subcommittee on Printing	0
Subcommittee on the Library	0
Subcommittee on the Smithsonian Institution	0
Subcommittee on the Restaurant	0
Subcommittee on Computer Services	0
Subcommittee Meetings	1
Committee on Veterans' Affairs	12
Subcommittee on Compensation and Pensions	2
Subcommittee on Health and Hospitals	2
Subcommittee on Housing and Insurance	1
Subcommittee on Readjustment, Education, and Insurance	3
Subcommittee Meetings	8
Subcommittee Meeting Total	1130
Committee Meeting Total	[a]799
Total Meetings	1929

[a] Includes meetings of Budget Committee Task Forces.

Mr. BUMPERS. Mr. President, of the total of 1,130 subcommittee meetings, 1,119, or all but 11 of the meetings, were of subcommittees of the 14 major standing committees. There are 135 subcommittees in this category, if we include special subcommittees, ad hoc subcommittees, panels, and task forces of the Committee on the Budget. If we exclude these special bodies, there are 119 subcommittees of major standing committees.

Of the subcommittees, panels, and task forces listed above, 98 met 10 or fewer times during the year 1975, of which 28 met not at all. Thirty-one of this group of 98 are chaired by Senators who head both a standing committee and two or more subcommittees. Forty-five of the group of 98 are chaired by Senators who do not head a standing committee, but are chairmen of two or more subcommittees. Furthermore, of the 40 subcommittees that are headed by chairmen of standing committees or by Senators who chair two or more subcommittees, 31, or 77.5 percent, met 10 times or less. In other words, there is a high correlation between subcommittees which meet seldom and subcommittees which are chaired by Senators who have two or more subcommittees under their leadership or who are chairmen of standing committees.

Although this analysis is not conclusive, it does suggest, as one would expect, that some of the Members of this body are spread very thin, and that those Senators who chair standing committees or two or more subcommittees may be unable to devote sufficient time to some of their responsibilities. On the other hand, the fact that a subcommittee did not meet often may simply indicate that there was not a great deal of business to attend to. In that event, abolition of the subcommittee, or consolidation of its function with another subcommittee, should be considered. The number of subcommittees has increased almost fourfold since 1946, the date of the last thoroughgoing reform in legislative organization, when there were only 34 subcommittees.

It is also noteworthy that many of the committee staff members of the Senate are formally assigned to a subcommittee. This circumstance, of course, enhances the effect that a subcommittee chairman can practically have on legislation, and is an additional reason for a greater diffusion of chairmanships among a larger number of Members. Committee Print No. 2 of the Committee on Rules and Administration, dated July 25, 1975, details the numbers of staff members assigned to each committee and to those subcommittees which have separately assigned staff. I ask unanimous consent, Mr. President, that a copy of this committee print, including footnotes, be set out at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[Committee Print No. 2]

U.S. SENATE COMMITTEE ON RULES AND ADMINISTRATION—SENATE INQUIRIES AND INVESTIGATIONS, 94TH CONG., 1ST SESS.

Calendar No.	Res. and sec. No.	Committee and purpose	93d Cong., 2d sess.[1]		94th Cong., 1st sess.[2]					Number of committee employees					
											Investigative[7]				
			Unobligated balance (estimated)[3] Feb. 28, 1975	Amount authorized by Senate, 12 months[4]	Amount requested, 12 months	Difference between 1974 authorization and 1975 request	Amount of Rules Committee amendment	Amount reported by Rules Committee	Amount authorized by Senate[5]	Permanent[6]	1974 budget	Jan. 31, 1975, payroll	1975 budget	Total, 1975 (projected)	Number of rooms utilized by committee[8]
		All committees								309	777	729	874	1,183	382
		Appropriations Committee[9]		$538,205						43	10	19	19	62	36
		All other committees	$1,182,804	16,591,400	$23,589,001	+$6,997,601	−$3,393,401	$19,445,600		226(130–136)	767(421–346)	710(354–356)	855(476–379)	1,121(606–515)	346
(295)	S. Res. 37	Aeronautical and Space Sciences.	8,842	52,000	57,000	+5,000	0	57,000		14(7–7)	3(2–1)	2(1–1)	3(2–1)	17(9–8)	7
(296)	S. Res. 15	Agriculture and Forestry	5,000	220,000	*364,000	+144,000	−29,000	335,000		12(6–6)	8(3–5)	8(5–3)	9(4–5)	21(10–11)	11
(297)	S. Res. 87	Armed Services	150,000	520,000	645,000	+125,000	−111,700	533,300		13(6–7)	18(11–7)	14(8–6)	22(13–9)	35(19–16)	18
	Sec. 2	Consultants for full committee.	5,000	25,000	40,000	+15,000	0	40,000							
	Sec. 4	General	33,000	346,000	487,000	+141,000	−58,700	428,000			13(8–5)	13(8–5)	18(11–7)		
	Sec. 5	Preparedness	112,000	149,000	118,000	−31,000	−53,000	65,000			5(3–2)	1(0–1)	4(2–2)		
(298)	S. Res. 57	Banking, Housing and Urban Affairs.	50,313	686,500	890,000	+203,500	−127,800	762,200		12(6–6)	*30(16–14)	28(21–7)	33(20–13)	45(26–19)	17
	Sec. 3	General	0	336,000	415,000	+79,000	−26,500	338,500			*15(8–7)	15(12–3)	16(10–6)		
	Sec. 4	Housing and urban affairs	23,488	220,500	240,000	+19,500	−6,500	233,500			*9(5–4)	8(6–2)	8(5–3)		
	Sec. 5	Securities industry	26,825	130,000	145,000	+15,000	−4,800	140,200			6(3–3)	5(3–2)	6(3–3)		
		Oversight			90,000	+90,000	−90,000	0					3(2–1)		
(299)	S. Res. 50	Budget	200,000	[4a] 421,000	1,892,000	+1,471,000	−210,600	1,681,400		12(6–6)	48(26–22)	44(21–23)	64(31–33)	76(37–39)	35
(300)	S. Res. 63	Commerce	50,000	1,643,800	2,347,639	+703,839	−350,639	1,997,000		12(6–6)	*81(46–35)	71(38–33)	90(44–46)	102(50–52)	25(4)
(301)	S. Res. 71	Commerce-Government Operations (study of regulatory agencies).[10]			750,000	+750,000	−283,300	466,700					7(2–5)		
	Sec. 6(a)	Commerce			375,000	+375,000	−158,300	216,700							
	Sec. 5(a)	Government Operations			375,000	+375,000	−125,000	250,000					7(2–5)		
(302)	S. Res. 30	District of Columbia	20,000	175,000	175,000	0	−44,700	130,300		13(6–7)	14(5–9)	12(1–11)	12(5–7)	25(11–14)	6
(303)	S. Res. 51	Finance	12,000	[4b] 30,000	990,000	+960,000	−809,000	181,000		24(12–12)	[11] 4(2–2)		[11] 40(20–20)	64(32–32)	11
(304)	S. Res. 84	Foreign Relations	110,000	851,800	1,522,000	+670,200	−438,700	1,083,300		18(9–9)	*48(22–26)	41(17–24)	57(31–26)	75(40–35)	21
(305)	S. Res. 49	Government Operations	88,794	1,296,000	2,441,362	+245,362	−133,362	2,308,000		14(7–7)	*95(55–40)	88(51–37)	100(58–42)	114(65–49)	29
		Consultants for full committee.	3,000	20,000	0	−20,000	0	0							
	Sec. 3	General			239,200	+239,200	−2,000	237,200					11(5–6)		6
	Sec. 4	Permanent investigations	25,687	1,113,000	1,113,000	0	0	1,113,000			*43(25–18)	39(24–15)	43(25–18)		10
	Sec. 5	Intergovernmental relations	12,000	360,000	388,544	+28,544	−5,400	383,144			*18(10–8)	20(11–9)	18(11–7)		8
		Reorganization, research, and international organizations.	39,000	344,000	0	−344,000	0	0			*15(9–6)	11(6–5)	0		1
	Sec. 6	Reports, accounting, and management.	1,107	209,000	258,618	+49,618	−20,150	238,468			*11(7–4)	11(5–6)	11(8–3)		2
	Sec. 7	Federal spending practices, efficiency, and open Government.	8,000	150,000	292,000	+142,000	−69,150	222,850			*8(4–4)	7(5–2)	12(6–6)		1
	Sec. 8	Oversight procedures			†150,000	+150,000	−36,662	113,338					5(3–2)		0
(306)	S. Res. 66	Interior and Insular Affairs	3,000	580,000	817,000	+237,000	−192,100	624,900		12(6–6)	26(7–19)	31(14–17)	35(20–15)	47(26–21)	16
(307)	S. Res. 72	Judiciary	224,157	4,116,600	4,391,400	+274,800	−333,700	4,057,700		17(8–9)	*210(120–90)	180(87–93)	184(109–75)	201(117–84)	62
	Sec. 3	Admin. practice and procedure.	650	408,900	429,500	+20,600	−6,900	422,600			*18(11–7)	21(11–10)	18(12–6)		2(4)
	Sec. 4	Antitrust and monopoly	7,000	767,000	815,100	+48,100	−16,000	799,100			*30(18–12)	27(13–14)	29(14–15)		13(4)
	Sec. 5	Constitutional amendments	1,950	252,000	310,000	+58,000	−19,300	290,700			*11(8–3)	13(5–8)	11(8–3)		2(2)
	Sec. 6	Constitutional rights	16,000	299,000	381,000	+81,900	−27,300	354,500			*16(9–7)	12(5–7)	18(11–7)		6
	Sec. 7	Criminal laws and procedures.	50,000	221,000	258,000	+37,000	−12,300	245,700			*10(6–4)	7(3–4)	10(6–4)		2(1)
	Sec. 8	Federal charters, etc	3,800	16,500	17,500	+1,000	0	17,500			1(0–1)	1(0–1)	1(0–1)		0(1)
	Sec. 9	Immigration, naturalization	66,000	205,000	223,500	+18,500	−6,200	217,300			8(6–2)	7(4–3)	8(6–2)		3(2)
	Sec. 10	Improv. in judicial machinery.	16,000	235,000	272,000	+37,000	−12,300	259,700			*13(8–5)	11(7–4)	13(8–5)		2
	Sec. 11	Internal security	15,000	400,000	400,000	0	−116,700	283,300			*29(17–12)	13(7–6)	17(11–6)		9
	Sec. 12	Juvenile delinquency	8,000	353,000	428,000	+75,000	−25,000	403,000			*20(12–8)	28(14–14)	20(13–7)		6(2)
	Sec. 13	Patents, trademarks, etc	8,000	178,000	168,000	−10,000	0	168,000			*7(3–4)	6(3–3)	6(3–3)		3
	Sec. 14	Penitentiaries	4,250	88,000	98,000	+10,000	−3,300	94,700			5(3–2)	3(2–1)	5(3–2)		1
	Sec. 15	Refugees and escapees	0	182,000	220,000	+38,000	−12,700	207,300			*13(7–6)	10(3–7)	11(5–6)		1(2)
		Revision and codification	11,800	64,800	70,000	+5,200	−70,000	0			3(1–2)	1(1–0)	3(1–2)		0
	Sec. 16	Separation of powers	6,500	263,000	280,000	+17,000	−5,700	274,300			*17(6–11)	9(4–5)	13(5–8)		4
		Citizens' interests	707	162,500		−162,500	0	0			*8(5–3)	10(5–3)	0		1
	Sec. 17	FBI oversight	8,500	20,000	20,000	0	0	20,000			1(0–1)	1(0–1)	1(0–1)		0
(308)	S. Res. 40	Labor and Public Welfare	90,000	1,700,000	1,850,000	+150,000	−50,000	1,800,000		30(14–16)	57(35–22)	75(28–47)	65(39–26)	95(53–42)	27
(309)	S. Res. 52	Post Office and Civil Service	20,000	235,000	235,000	0	0	235,000		13(6–7)	12(7–5)	9(5–4)	9(7–2)	22(13–9)	9(4)

See footnotes at end of table.

(310)	S. Res. 44	Public Works	15,000	795,900	875,000	+79,100	−26,400	848,600		12(6-6)	*43(28-15)	42(22-20)	41(24-17)	53(30-23)	15(5)
	S. Res. 29	Rules and Administration	64,000	374,000	432,600	+58,600	0	432,600	[5a] 432,600	14(7-7)	11(7-4)	12(7-5)	14(8-6)	28(15-13)	12
	Sec. 3	Privileges and elections	20,000	180,000	180,000	0	0	180,000	180,000		6(3-3)	4(2-2)	6(3-3)		
	Sec. 4	Computer services	44,000	194,000	252,600	+58,600	0	252,600	252,600		5(4-1)	8(5-3)	8(5-3)		
(311)	S. Res. 53	Veterans' Affairs	10,000	275,000	304,000	+29,000	−9,700	294,300		12(6-6)	11(5-6)	10(6-4)	11(5-6)	23(11-12)	6
(312)	S. Res. 47	Small Business (Select)	11,198	168,000	263,000	+95,000	−50,300	212,700		12(6-6)	*8(3-5)	8(3-5)	11(5-6)	23(11-12)	7
(313)	S. Res. 54	Nutrition, Human Needs	0	353,800	485,000	+131,200	−85,500	399,500			14(7-7)	14(7-7)	17(12-5)	17(12-5)	6
(314)	S. Res. 62	Aging (Special)	1,000	431,000	561,000	+130,000	−75,900	485,100			20(10-10)	17(10-7)	26(15-11)	26(15-11)	4
(315)	S. Res. 10	National Emergencies and Delegated Emergency Powers (Special).	49,500	166,000	151,000	−15,000	−31,000	120,000			6(4-2)	4(2-2)	5(2-3)	5(2-3)	1
		Intelligence (Select)			1,150,000 (8 mos.)	+1,150,000	0	400,000	1,150,000						Room G308
	S. Res. 21				750,000	+750,000			[5b] 750,000						
	S. Res. 165				400,000	+400,000	0	400,000	[5c] 400,000						
		Presidential Campaign Activities (Select).		[4e] 500,000	0	−500,000									
		Economic (Joint)		[4d] 100,000	0	−100,000									

[1] Senate investigative year 1974—Mar. 1, 1974–Feb. 28, 1975.
[2] Senate investigative year 1975—Mar. 1, 1975–Feb. 29, 1976.
[3] Figures supplied by the respective committees.
[4] Except as follows:
[4a] Oct. 10, 1974–Feb. 28, 1975.
[4b] July 15, 1974–Feb. 28, 1975.
[4c] Mar. 1–Sept. 27, 1974.
[4d] July 1–Dec. 31, 1974.
[5] Date authorized:
[5a] S. Res. 29, Jan. 27, 1975.
[5b] S. Res. 21, Jan. 27, 1975.
[5c] S. Res. 165, June 6, 1975.
[6] Information on permanent staffs of Senate committees is as follows:

REGULAR PERMANENT STAFF

Standing Committees.—Except for the Committee on Appropriations, all standing committees of the Senate are authorized by sec. 202(a) and (c) of the Legislative Reorganization Act of 1946, as amended, to employ a regular staff of six professional staff members and six clerical assistants. The total maximum annual compensation authorized thereby, at current salary rates, is $355,866 per committee.

Appropriations Committee.—The Appropriations Committee is authorized by sec. 202(b) of the Legislative Reorganization Act of 1946, as amended, "to appoint such staff, in addition to the clerk thereof and assistants for the minority as * * * by a majority vote [it] shall determine to be necessary."

Select Committee on Small Business.—The staff privileges of standing committees (six professional and six clerical) were extended to the Select Committee on Small Business by Public Law 759 of the 81st Cong.

ADDITIONAL PERMANENT STAFF

Additional permanent staff members authorized by the Senate for its standing committees are shown in the following table:

Committee	Additional[7] permanent staff members authorized	Authority: Resolution No.	Authority: Congress	Authority: Date	Total maximum compensation[1]
Aeronautical and Space Sciences.	1 professional 1 clerical	Pub. L. 92-136	92d	Oct. 11, 1971	$51,793
Armed Services	1 clerical	Pub. L. 92-136	92d	Oct. 11, 1971	17,818
District of Columbia	1 clerical	Pub. L. 92-136	92d	Oct. 11, 1971	17,818
Finance	6 professional	S. Res. 224	89th	Apr. 20, 1966	310,758
	6 clerical	S. Res. 66	91st	Feb. 17, 1969	
Foreign Relations	2 professional 3 clerical	S. Res. 30	86th	Feb. 2, 1959	155,379
	1 professional	S. Res. 247	87th	Feb. 7, 1962	
Government Operations	1 professional	S. Res. 355	85th	Aug. 18, 1958	51,793
	1 clerical	Pub. L. 92-136	92d	Oct. 11, 1971	
Judiciary	2 professional 3 clerical	S. Res. 66	81st	Feb. 17, 1949	121,404
Labor	1 professional	S. Res. 253	88th	Feb. 10, 1964	466,137
	1 assistant chief clerk 7 professional 9 clerical	S. Res. 74	90th	Feb. 20, 1967	
Post Office	1 clerical	S. Res. 14	89th	Feb. 8, 1965	17,818
Rules	1 professional	S. Res. 342	85th	July 28, 1958	67,950
	1 assistant chief clerk	Pub. L. 93-145	93d	Nov. 1, 1973	
Total	500 staff members				1,278,668

[1] At current rates.

[7] The figures on investigative staff are from budget estimates supplied by the committees themselves, to accompany annual and supplemental authorization requests. Figures with asterisk indicate that the committee's 1974 request was reduced. Figures in parentheses show division of the preceding figure into professionals and clericals, respectively.

[8] The bold face figure, opposite the committee name, in the last column on the right indicates the total number of rooms assigned to that committee and its subcommittees. When subcommittee staffs are identifiable as separate physical entities the rooms they utilize are also shown. Any disparity between the total of subcommittee rooms and the total shown for the full committee is accounted for by rooms being used by the permanent staff, sometimes with investigative or subcommittee staff commingled therein. Most committees use their hearing room (herein counted as one room) to house certain of their personnel. The figures in parentheses which follow indicate the number of non-committee rooms in which certain committee or subcommittee personnel are housed.

[9] The Appropriations Committee has a permanent authorization for funds for inquiries and investigations (S. Res. 193, 78th Cong., Oct. 14, 1943), which funds are provided by the annual legislative appropriation acts. Since such funds are authorized on a fiscal year basis, there is no appropriate way to include them or compare them with funds authorized for other Senate committees. The figures shown here, only to complete the information, are on the following basis: The authorization is for the 12-month period July 1, 1974–June 30, 1975, and the expenditures are for the 8-month period July 1, 1974–Feb. 28, 1975.

[10] As reported, S. Res. 71 would authorize from Mar. 1, 1975, through Sept. 1, 1976, a joint study of Federal regulatory agencies by the Senate Committees on Commerce and Government Operations, each of which would receive $375,000, for a total of $750,000 for the purpose.

[11] S. Res. 40 agreed to Feb. 22, 1973, authorized the Committee on Finance to employ 2 additional professional staff members and 2 additional clerical assistants from Mar. 1, 1973, through Feb. 28, 1974. This same authority was continued from Mar. 1 1974, through Feb. 28, 1975, by S. Res. 238, agreed to Jan. 30, 1974. S. Res. 41 of this Congress would continue the same authority through Feb. 29, 1976. The four additional employees thus requested are included within the 40 shown above.

*Includes supplemental request of $114,000.
†Includes supplemental request of $35,000.

INCREMENTS TO $10,000 PER CONGRESS (FOR ROUTINE PURPOSES)

Section 134(a) of the Legislative Reorganization Act of 1946 authorizes each standing committee of the Senate to expend not to exceed $10,000 during each Congress for the routine purposes expressed in that section. Senate committees which during the 93d Congress requested and were authorized to expend additional funds for routine purposes are as follows:

Committee	Resolution No.	Date	Amount
Aeronautical and Space Sciences			
Agriculture and Forestry			
Appropriations	S. Res. 116	May 21, 1973	$75,000
	S. Res. 321	May 28, 1974	75,000
Armed Services	S. Res. 54	Feb. 22, 1973	60,000
	S. Res. 382	Sept. 23, 1974	15,000
Banking, Housing and Urban Affairs			
Budget			
Commerce			
District of Columbia			
Finance	S. Res. 148	Aug. 2, 1973	20,000
	S. Res. 239	Jan. 30, 1974	20,000
Foreign Relations			
Government Operations	S. Res. 268	Mar. 1, 1974	10,000
Interior and Insular Affairs	S. Res. 96	May 10, 1973	20,000
	S. Res. 137	July 20, 1973	25,000
	S. Res. 178	Oct. 23, 1973	25,000
	S. Res. 312	May 7, 1974	25,000
Judiciary	S. Res. 103	May 10, 1973	25,000
	S. Res. 311	May 7, 1974	10,000
Labor and Public Welfare			
Post Office and Civil Service			
Public Works			
Rules and Administration	S. Res. 317	May 7, 1974	10,000
	S. Res. 435	Nov. 21, 1974	30,000
Veterans' Affairs			
Total			445,000

Mr. BUMPERS. Mr. President, the proposal I make, it will be noted, relates only to paragraph 2 standing committees, those 14 major legislative standing committees that have traditionally been considered most important in the workings of the Senate. My proposal would place no limit upon chairmanships of paragraph 3 committees or subcommittees, select or special committees or subcommittees, or joint committees. Many of these bodies, in any case, are nonlegislative, and it would not be fair to group them for rulemaking purposes with standing committee carrying major legislative responsibility.

The change I propose, although a modest one, would, I believe, aid the Senate in becoming the kind of body that 20th-century problems demand. Simplification of the legislative process and sharing of responsibility for it among more Members of the Senate will, in my judgment, contribute not only to the operation of this body, but also to the public interest in responsible and expeditious legislation.

Mr. President, I urge the Subcommittee on Standing Rules of the Senate of the Committee on Rules and Administration, to which this resolution will doubtless be referred, to hold hearings at its earliest convenience, and I hold myself ready to cooperate with members of that subcommittee in every appropriate way.

AMENDMENTS SUBMITTED FOR PRINTING

NATIONAL STANDARDS FOR NO-FAULT INSURANCE ACT—S. 354

AMENDMENT NO. 1546

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill (S. 354) to regulate commerce by establishing a nationwide system to restore motor vehicle accident victims and by requiring no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways.

ADDITIONAL STATEMENTS

B–1 BOMBERS

Mr. FANNIN. Mr. President, the CONGRESSIONAL RECORD of March 25 contained a most interesting statement by Senator HRUSKA on the importance of the Strategic Air Command as a deterrent to the aggressiveness of America's enemies. The SAC, headquartered in Omaha, has been an outstanding force in evaluating the capacity of our national defenses.

In celebration of SAC's 30th birthday, the Omaha World-Herald carried several articles on the necessity of strategic land-based bombers in the event of an armed conflict involving the United States. The capabilities of the B–1 bomber were specifically noted. I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

QUERIES FLY ON WEAPONS

(By Howard Silber)

The nuclear weapons questions were inevitable, and Defense Secretary Donald H. Rumsfeld was barraged by them when he faced the press Friday in Omaha.

It had been disclosed a day earlier that one Air Force general, the head of the North American Air Defense Command, is empowered to use nuclear weapons without a specific go-ahead from the President.

The questions flew. Rumsfeld weathered them calmly and, in an elaborate manner, firmly refused to give any definitive replies.

The weapon in reference is the purely defensive Nike-Hercules antiaircraft missile.

The aging Nike-Hercules, deployed in eastern Nebraska and western Iowa for about four years until the mid-1960s and now close to total retirement, has no offensive potential and has a short range.

When retired Vice Adm. Gerald Miller discussed the authority held by the NORAD commander, Gen. Daniel James, he specified to a House subcommittee that it applied to the Nike-Hercules only.

Rumsfeld did not confirm the defensive aspect of the weapons or anything else about the employment of nuclear weapons.

The matter of nuclear weapons, he said, "is a subject of considerable sensitivity. Our policy is not to discuss the details of the deployment of nuclear weapons for obvious reasons."

Over the years, he said, nuclear weapons policies have been reviewed and confirmed by successive presidents.

He pointed out that he was serving as White House chief of staff during two assassination attempts against President Ford.

The question of protecting the President came up repeatedly.

"Most people appreciated the fact when I advised them that we have a policy of not discussing security arrangements for the President of the United States," he said.

Rumsfeld flew to Omaha Friday for a series of briefings at Strategic Air Command Headquarters and to help celebrate SAC's 30th birthday.

He pronounced the U.S. strategic deterrent, mostly in the hands of SAC, acceptable and healthy.

The defense chief said, however, that the United States has "moved from a position of strategic superiority to a position of rough equivalency."

While at Offutt Air Force Base, Rumsfeld helped dedicate a permanent display of seven historic flags in front of the SAC Headquarters building.

Hoisted atop flag poles, provided by the SAC Consultation Committee, a group of 25 Omaha business leaders, were replicas of the Bedford flag, the Bunker Hill flag and the Gadsden flag, all of 1775, the Moultrie flag, 1776; Grand Union flag, 1775–77, Betsy Ross flag, 1777–95, and the Star-Spangled Banner.

Representing the Consultation Committee were A. F. Jacobson, retired Northwestern Bell Telephone Co. president; Robert Daugherty, president of Valmont Industries, Inc., and Harold W. Andersen, president of The World-Herald.

There was one barely noticed misoccurrence during the ceremony. Members of the SAC elite guard serving as the color guard raised the Moultrie flag upside down.

After nearly six hours in Omaha, Rumsfeld climbed aboard a B52H bomber for the short flight to Whiteman Air Force Base in west-central Missouri.

SAC deploys 150 Minuteman intercontinental ballistic missiles at Whiteman.

RUMSFELD SURE HE WILL GET B1

(By Howard Silber)

Donald H. Rumsfeld will make the 20-minute trip from the Pentagon to Capitol Hill next fall to ask for the money and the authority to build a fleet of B1 bombers.

The defense secretary told The World-Herald in an Omaha interview he is highly confident he will return to his office with the B1 in hand.

Today's Strategic Air Command B52s, he said, "are fine airplanes. They are fulfilling an important mission. But they are not going to live forever.

"It is important that the United States invest in the research and development and, at the appropriate point, the production of the B1."

The B1 and Navy's Trident submarine-launched ballistic missile system "are big questions," Rumsfeld said, "and our country seldom makes mistakes on big questions.

"We can make mistakes on some smaller things, but the B1 is of such importance that we aren't going to make a mistake."

Rumsfeld said there is "an increasing number of people who recognize that the strategic balance is of critical and fundamental importance.

"The United States should not and, in my opinion, will not arrive at a position where we have put that balance in jeopardy.

"The health of the strategic deterrence is, in my judgment and, I think, in the judgment of the vast majority of the American people, of sufficient importance that we would not want to arrange ourselves so that one or two technological developments, which are not out of the realm of possibility, could weaken the deterrent to the point where we lack the balance we need."

Rumsfeld said he does not believe the antimilitary bloc in Congress will succeed in its announced effort to defeat the B1 and other strategic programs.

"I've always found that the Congress tends to be very responsive to the American people. The fundamental importance of the strategic balance is such that the American people will make their representatives in both houses aware of the fact that the B1 is an area where they do not want to be wrong.

"My estimate is that a majority of members of Congress will recognize that and support the B1."

Rumsfeld pointed out that, unlike their actions in recent years, the House and Senate Appropriations and Armed Services Committees have made few cuts in the defense budget and in some instances have added items to President Ford's proposals.

"That's a reflection of the fact that people recognize that we can't have national security for nothing," the defense secretary said.

He suggested that it also represents a recognition by Congress of Defense Department moves to "cut the frills" from the armed services, "to improve and become more efficient."

VIGILANCE

Said Rumsfeld: "I think the country realizes that it's not a perfectly pleasant world, that it's not a very tidy world, that there are considerably more people who live in a circumstance of not having freedom than there are who live with what we would describe as freedom and that we value that freedom very highly and intend to be vigilant about protecting it."

Asked what he would do if, despite his optimism, Congress does not approve B1 production, Rumsfeld quoted a remark made by Adlai Stevenson when he was asked what he would do if defeated in his race for the presidency:

"I'll jump off that bridge when I come to it."

Rumsfeld said the all-volunteer military program is a success and will continue to work as long as armed services men and

women are paid a wage "that is roughly equivalent to what they would be making in the civilian sector.'

He said he does not favor a return to the draft except in an emergency.

AVOID CRUTCH

"I think that to the extent that we can continue to attract good people by paying them an acceptable amount of money and with proper personnel policies that we ought not to go back to the crutch of compulsion."

Draft-free armed forces can be satisfactorily maintained even in the face of personnel costs which take more than 50 cents of every Pentagon dollar, he said.

"I don't think we ought to throw up our hands and say people cost too much money and we're going to use compulsion to tell one of every three persons that they're going to have to serve for three or four years where the other two do not.

"I don't think we're going to have to tell those who do serve, 'By the way, we're going to pay you 50 or 60 per cent of what you'd be making if we hadn't drafted you.'

"That technique of imposing a sort of tax on those people is not a desirable way of doing business to the extent that we can get the manpower we need without using compulsion.

"Certainly, in any crisis or war, if we are unable to get the manpower we need, we ought to use compulsion.

"If people will look at the situation in the way I describe it, I think they'll recognize that this country can afford and ought to be willing to pay people what is needed to provide for our national security."

PENSION REVIEW

Asked about recent criticism in Congress of liberal retirement programs in the armed services, Rumsfeld said the question of noncontributory pensions is being examined as part of a gradrennial review of military personnel programs.

Despite the proposed military budget of more than $100 billion, the United States "is spending a smaller percentage of our federal budget, a smaller percentage of net public spending, a smaller percentage of our gross national product than at any time since either the Korean War or before Pearl Harbor, depending on which statistic you take," Rumsfeld said.

"Therefore, the suggestion that we can't afford to provide the funds we need to maintain our defense, our deterrence, is just plain wrong.

"We can do it and I believe the country will demand that we do it.

"I just don't believe that this country wants to arrive at a point some years in the future when a president or secretary of defense has to stand up and say, 'We're in an inferior position because we were unwilling to invest in our future.'"

ELECTION MAY HAVE BEARING ON FATE OF B1

By the time the Strategic Air Command is 31 years old its leaders expect to know whether the B1 will be produced as the long-awaited U.S. long-range bomber.

If President Ford and Defense Secretary Donald Rumsfeld prevail, SAC will get the B1, but the final decision is up to Congress.

Military leaders are optimistic for a favorable response on Capitol Hill.

But there is no certainty of a production go-ahead. Indeed, the outcome of the November election is expected to have considerable bearing on the decision.

The B1 may be the most heavily debated item of military equipment since ancient man picked up a stone and hurled it at an enemy.

The issue goes back at least 15 years when the Air Force mounted a massive campaign for the B70 and lost.

Opponents argued at the time that the B70 was too expensive and that the B52, then a fairly new airplane, would do the job for SAC. They also maintained that, in the age of the ballistic missile, the bomber is obsolete.

That is essentially what opponents of the B1 are saying today. But now the B52 is an old airplane.

Proponents see the need for a manned strategic system capable of penetrating enemy defenses and returning to friendly territory.

Missiles alone, they believe, are not sufficient to maintain a flexible deterrent force.

The B52 is obsolescent and the supersonic FB111 has only limited capabilities, they say.

The prototype B1, the Air Force reports, is meeting its test criteria. It is said to be everything it has been designed to be—an airplane with a long range, the ability to carry a heavy payload and to mount the equipment necessary to assure its penetration of defenses.

The SAC force modernization program calls for more than the B1.

The command also wants a bigger tanker aircraft which would double as a cargo hauler. Two wide-body airliners, the Boeing 747 and the McDonnell-Douglas DC10, are being studied.

And work is proceeding slowly on the development of a new intercontinental ballistic missile, presently designated as the MX.

A primary consideration is better protection in the face of the increasing accuracy of Soviet missiles.

This could be accomplished by increased "hardening" of underground silos or by using a mobile missile in a sort of thermonuclear shell game. Missiles would be moved from place to place in a random pattern to complicate targeting by an enemy.

There is no present plan for a new missile to go into production before 1980 or later.

GENERAL DOUGHERTY: HOPES KEYED TO B–1

The price-tag approach to determining the extent of the nation's defenses is disquieting to Gen. Russell E. Dougherty, commander-in-chief of the Strategic Air Command.

"It's not a unilateral test," he said. "It's not whether we've got what we like or whether we've got what we're willing to pay for or whether we've got enough to satisfy us," he said.

"It's got to be relevant to what we face.

"This, I think, is the thing that most people who don't focus on these issues will miss. They will miss the fact that, if we aren't relevant to capability . . . if we can't, by adding our strengths and weaknesses and our capability, give the American people confidence that we are not second in quality or not second in quantity or not second in effectiveness—if we can't give them that confidence, we can expect a very serious erosion of will in any test of strength.

"And, rather than being able to negotiate (arms) reduction, we're going to be petitioning.

"I certainly hate to see the prospect of our country as supplicants and petitioners, rather than negotiating from a strength that's not unequal."

That comment was made by Dougherty as part of his reply, in an interview, to a question on what SAC might be when it observes its 35th birthday in 1981.

"I hope in this five years that we're going to see the modernization of our bomber force through the acquisition of the B–1," the general said.

"I think it would be a national tragedy if, through some of the well-intentioned, but nevertheless inadequately thought-out arguments, the people are attracted by slogans and by less than complete logic to abandon the modernization of our bomber force, and, specifically, our penetrating bomber force."

In an apparent reference to a Brookings Institution report suggesting the development of a manned aircraft system in which missiles would be launched from wide-body airliner-type planes great distances from prospective targets, Dougherty said, "the word 'penetrating' is important.

"With a penetrating bomber you can do all of the things you can do with a so-called standoff bomber. But you can't penetrate with a standoff bomber, and this makes a big difference.

"The reusability of this weapon (penetrating bomber) gives us a flexibility in strategic forces that you just can't have with anything else. And it's highly compatible and complementary to our missile force which is, of course, of bedrock importance.

"People, I know, during this next five years will become enamored with the arguments of the vulnerability of the land-based missile force.

"It isn't going to be that vulnerable, but it's going to be sufficiently aging so that it may not be relevant to what we're going to face.

"And I hope that in this five years there comes an awareness that our force must be relevant."

Dougherty said he hopes to see the "emergence of an operational force" of B1s by 1981. But there would be just a few in SAC by then.

"Our program, even if it stays on track, would have operational B1s coming in ones and twos and threes in five years. But we can't have an operational force until a little later. I think that's just in time," he said.

A new SAC land-based missile may also be in the picture by then. This missile probably would be ready for production in 1981.

SAC today doesn't have "big problems," Dougherty said, "But, on the other hand, we don't have anything really new in the way of weapon systems. We're dealing with equipment that, by and large, we've had for some time.

"We've completed the Minuteman III (with multiple warheads) installation in the last 18 months. I think that's very important.

"We've done some things by way of command-wide capability testing, both in our missiles and our aircraft. These have given me great confidence in our ability to do what we say we can do within the limitations of the equipment."

FREEDOM'S WAY—USA

Mr. RIBICOFF. Mr. President, it was with pride that I learned that Mrs. Ellen Harness of Litchfield, Conn., has won Jack Anderson's Bicentennial Slogan Contest.

Yesterday I went to the White House, where President Ford greeted Mrs. Harness and declared her phrase, "Freedom's Way—USA" the official theme of our Bicentennial celebration.

Since Jack Anderson first had the imaginative idea of conducting a search for one phrase to sum up what the Bicentennial is all about, over 1 million Americans have suggested different themes. I believe the extent of the participation in this search is a good measure of the involvement of the American people with the Bicentennial.

"Freedom's Way—USA" captures the essence of the American experience. After all, freedom remains as basic to our Nation and our ideals today as it did 200 years ago.

It is fitting that the theme of our Bicentennial should come from the town of Litchfield, for there is no town in the

United States that better reflects the spirit of the American experience.

Litchfield was first settled in 1657, and it was incorporated in 1719. During the American Revolution, Litchfield was represented at the Continental Congress while almost all of its townsmen went to fight. It has been said of the town that "All through the struggle with the mother country, Litchfield was a hotbed of patriotism." A statue of George III on horseback was taken by the sons of liberty to General Oliver Wolcott's woodshed in Litchfield, where it was melted down and recast into 42,088 cartridges for the men of Litchfield to fight for independence with.

Litchfield was the birthplace of Ethan Allen, who led the attack on Fort Ticonderoga demanding its surrender "in the name of Jehovah and the Continental Congress"; and Henry Ward Beecher, whose antislavery orations during the Civil War were said to be "unparalleled in the world's history of oratory." The town also fathered Horace Bushnell and Fisher Gay, whose sword at Lexington was engraved with the words "Freedom or Death." Harriet Beecher Stowe, the author of Uncle Tom's Cabin, was born in Litchfield, as was Oliver Wolcott, one of the most illustrious of our early statesmen and the Secretary of the Treasury from 1795 to 1800.

The Litchfield Law School was the first law school in the United States. It was founded by Judge Tapping Reeve in 1784. Some of the names of those who graduated from the Litchfield Law School are Aaron Burr and John Calhoun, Noah Webster and Horace Mann.

I am sure the people of Connecticut are extremely proud of the latest in a long line of devoted patriots, Ellen Harness, and of her inspirational phrase, "Freedom's Way—USA." And I am equally sure that they join with me in feeling a deep sense of honor that our National Bicentennial theme comes from a town like Litchfield, which for so long has been helping to shape the American experience.

Mr. President, I ask unanimous consent that Jack Anderson's column announcing the selection of "Freedom's Way—USA" as our Bicentennial slogan be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WINNING '76 SLOGAN

(By Jack Anderson and Les Whitten)

"Freedom's Way—U.S.A." has been chosen by the American people as their official Bicentennial slogan.

President Ford will congratulate the author, Ellen Harness of Litchfield, Conn., today in a White House ceremony.

The choice culminates an 18-month search for a phrase that reflects the American experience of the past 200 years and sets a goal for the next 200.

We kicked off the slogans contest in September, 1974. "In times past," we wrote, "Americans have been able to distill the cause of the hour into a phrase, a rallying cry, a stirring slogan."

The American people responded immediately with thousands of slogans. The outpouring was so great that we were encouraged to create a program that would reach millions. So "Slogans, U.S.A." was incorporated as an official Bicentennial program.

The Copernicus Society of America's president, Edward J. Piszek, offered financial help and a cash prize for the winner. American Motors donated a car, and Holiday Inns offered 30 days of free lodging to allow the winner to tour the nation.

Indeed, "Freedom's Way—U.S.A." is a particularly appropriate slogan to describe the varied organizations that aided the slogan search. The American Legion, the Jaycee's and the General Federation of Women's Clubs winnowed over a million entries down to 100. Then the final six were chosen by the 55 state and territorial Bicentennial chairmen.

These six slogans were announced at the Super Bowl game in January, and the Advertising Council helped launch a national campaign to get out the vote. An incredible 300,000 ballots were received in one month, and were tabulated by the Boy Scouts, Girl Scouts, and Campfire Girls.

"Freedom's Way—U.S.A." turned out to be the winner. The author, 29-year-old Ellen Harness, is a claims supervisor for an insurance firm. Her husband, Burt serves with the local volunteer fire department.

Mrs. Harness told us that her slogan idea came to her as she was driving to work. "I began to think about the number and extent of the freedoms that we enjoy," she said, "the most striking being the number of things that I can do or say without fear. The pursuit of those same freedoms was the driving force behind the Revolution and continues as a driving force today."

Mrs. Harness' entry edged out "Take pride in America's past, take part in her future," submitted by Nola Pearson of Akron, Ohio.

The four other runners-up were Bitsy Jennings, of Auburn, Ala., with "Honor the past, Challenge the future," Mrs. C. Corkran of Flint, Mich., "America, the Possible Dream." Ms. Olive Cutting of Cape Cod, Mass., "Stand Fast! Stand Tall! Stand American!" and Leigh Waterman of Forestville, N.Y., "America is your past, you are her future."

Now that the official slogan has been picked, we have a new task: we have to bring it into the lives of all Americans. Again, we're asking for your suggestions. Mail them to Slogans, U.S.A., Box 1976, Washington, D.C. 20013.

Wasting Wildlife—We reported over a year ago that endangered animals were dying by the thousands because the Federal Fish and Wildlife Service had failed to put them on the protected list.

The helpless animals, sadly, are still falling victim to bureaucratic footdragging. Thousands of species are threatened with extinction, but only six, incredibly, were added to the endangered list during the past year.

Plants, too, can be protected by law. Although many species are in danger of being wiped out, not a single plant is on the endangered list.

Keith Schriner, chief of the Endangered Species Office, has blamed the delays on a lack of resources and personnel. Nevertheless, he is planning to transfer five of his biologists who specialize in preserving endangered species.

WHY DEFENSE SPENDING SHOULD NOT BE CUT IN FISCAL YEAR 1977

Mr. McCLELLAN. Mr. President, the Senate will soon be faced with a most important and far-reaching decision.

We will be setting the level of national defense spending for the 1977 fiscal year—and the decision we make this year will establish the trend for military spending in the immediate years ahead.

In a time fraught with international tensions and dangers, I am firmly convinced that we must maintain a defense posture that will not only be a shield for our own security but which also will serve as a deterrent to those powers who seek expansion and conquest by use of force.

It is for this reason that the Subcommittee on Defense of the Senate Committee on Appropriations—of which I am chairman—has recommended a target ceiling for the defense appropriations bill of $106.7 billion in budget authority and $95.3 billion in outlays for fiscal year 1977. These are the amounts requested in the President's budget for fiscal year 1977.

I urge every Member of the Senate to support this level of spending because of the trend of international events, the compelling necessity for military preparedness, and the demands of national security.

In testimony before the Subcommittee on Defense, the civilian and military leadership of the Department of Defense has warned that the United States is in danger of losing its current military equivalence with that of the Soviet Union. Their view and concern are shared by many other competent and experienced observers.

While we have a general parity with the Russians at the present time, they emphasize that recent and present trends are most surely working to our disadvantage.

They clearly demonstrate that our spending, force levels, equipment, construction rates, and relative capabilities have been, and are, steadily declining when compared to the Soviet Union in similar areas.

We cannot—we must not—allow this relative decline in our military forces to continue. We cannot permit it to continue and maintain even a "rough equivalence" with the Russians.

The fiscal year 1977 budget proposed by the President—and recommended as a target by the Subcommittee on Defense—contains real increases which are designed to:

Undertake needed investment programs;

Increase U.S. combat force levels and capabilities; and

Provide an improved readiness posture for our forces.

Of course, adverse trends which have been building over a long period of time and the advantages that have accrued, therefore, cannot be reversed in 1 year or with a single budget. Nevertheless, if the fiscal year 1977 defense budget is approved as recommended, it will start the process necessary for the prevention of further deterioration in our comparable military strength with Russia.

One of the first steps which we must take is to put an end to the congressional practice of reducing proposed budgets by making defense spending bear the full brunt of these reductions.

Between 1973 and 1976, Congress reduced total regular appropriation requests by $23 billion. The four defense appropriation bills passed during this period were reduced by a total of $20.9 billion—or 91 percent of the total reduc-

tions. Military construction appropriation bills were cut by $1.5 billion during this period and military assistance by $1.2 billion.

Therefore, Mr. President, over the past 4-year period, the three key components of the national defense function were reduced by a total $23.6 billion, or by $600 million more than the net total by which Congress reduced all budget requests.

We cannot continue to make the national defense sector of the budget the sole source of congressional reductions in Federal expenditures. If reductions are to be made in Federal spending, they should be made in other programs and areas less vital to our national security.

One of the great fallacies of our time is that defense spending is gobbling up an ever-increasing and inordinate share of our national wealth, while human resource programs are being shortchanged.

The facts, however, sternly refute that charge.

Although actual dollar amounts provided for defense have increased since 1964, in real terms—that is, corrected for inflation—the proposed defense budget is now 14 percent below the pre-Vietnam war levels of the early 1960's.

Defense spending today now accounts for about 25 percent of the total Federal budget—the lowest share since fiscal year 1940. In fiscal year 1964, before the Vietnam buildup, it was 43 percent of the budget.

While the share of the budget allocated to defense spending has been declining, benefit payments to individuals and grants have increased over the same period from 30 percent of the budget to 55 percent.

So, Mr. President, it is quite evident that we do not yet have to reverse our priorities away from defense spending to human resource programs. We have already done so, and we must now reverse this trend.

In fact, the pendulum has swung too far already. During the period in which the United States has reduced the portion of its budget earmarked for defense, the Soviet Union has been steadily increasing its military strength.

Over the past dozen years, the Soviet Union has developed an industrial base which has quantitatively outproduced the United States in most categories of military hardware. The weight of the Soviet effort and the momentum which they have achieved should be of serious concern to all of us.

The ever-widening gap between Soviet and Amercian defense expenditures has produced a situation where the Soviets now have: 1,600 intercontinental ballistic missiles, compared to 1,054 for the United States; 730 submarine-launched ballistic missiles, compared to our 656; 42,000 tanks, compared to a U.S. inventory of 9,000; 20,000 artillery pieces, compared to 6,000 for the United States; 229 major surface combatant ships, compared to our 172—the U.S. Navy had 950 active ships in mid-1968, there were less than 500 active ships in mid-1975; 255 general purpose submarines, compared to a U.S. fleet of 76; and 4.4 million military personnel, compared to U.S. strength of 2.1 million.

Even more significant is the fact that Soviet investment, in real terms, in the development and procurement of new systems and facilities for production has clearly exceeded that of the United States.

I find this a particularly disturbing phenomenon, because this year's investment in research and development is a clear indication of next year's capabilities.

The defense appropriations bill which will soon be before us is not at all aimed at achieving absolute superiority over the Soviet Union. It is aimed, instead, at maintaining the rough equivalence in military capability that we still have after our decline in recent years.

If current trends continue—if they are not reversed—there will be a time at some point in the future—and rather soon, I think—when Soviet military capability will surely exceed that of the United States.

The margin of superiority which we have in some fields and the equality which we have in others will have vanished—probably never to be regained.

The basic thrust behind the defense appropriations bill for fiscal year 1977 is to check these dangerous trends. When carefully analyzed, the increases sought over fiscal year 1976 are comparatively modest.

The spending proposed in the 1977 budget is an increase of almost 9 percent—all but about 2 percent of this is to cover inflation. While budget authority would increase by 13 percent, less than half—or about 6 percent—remains as an increase when inflation is taken into account.

I do not believe that this is too high a price to pay to maintain our national security.

We hear much talk today of reductions in the defense budget—of cuts of $3 billion, $4 billion, $6.5 billion, or even $10 billion or more.

During the current round of hearings before the Subcommittee on Defense, I asked our military leaders—the men in the best position to know—what the effect of reductions of such magnitude would be on our military capability.

Without exception, they agreed that such cuts would be a clear signal, not only to the Russians but to our allies as well, that we are making a conscious decision to become No. 2.

The Chief of Naval Operations, Adm. James Holloway, succinctly summed up their views. Speaking of the Navy, he said:

> If the allocation of resources to the Defense Department remains about the same as it was in last year's budget . . . I see the Soviets overtaking us in 5 to 7 to 10 years, depending on how they project their programs. At that point, the Chief of Naval Operations will not be able to say with any degree of assurance that he can maintain control of the sea lines of communication across the Atlantic.

Mr. President, this must not happen. I do not lightly support increased military spending at a time when our domestic economy is just beginning to recover from the most severe economic dislocation since the Great Depression.

But, unless we undertake the long-range investment programs that will modernize our Armed Forces to the degree necessary to maintain both sufficiency and stability, our freedom and the freedom of those peoples and allies who have cast their lot with us will be endangered.

Periodically in the life of all nations, there are turning points in their history—what Winston Churchill called hinges of fate.

Mr. President, we are at such a point today. The decisions which we make regarding the future course of our national security will resound down the corridors of time. Let us make certain that they resound to our honor and security.

I, therefore, urge my colleagues to join me in supporting adequate defense appropriations for fiscal year 1977—the amount recommended by your Senate Appropriations Committee.

RESOLUTION EXPRESSING OPPOSITION TO UNIONIZED ARMED FORCES

Mr. THURMOND. Mr. President, on March 24, 1976, the South Carolina General Assembly passed a concurrent resolution to express the sentiment of the general assembly that members of the Armed Forces of the United States should not be unionized.

On behalf of the junior Senator from South Carolina (Mr. HOLLINGS) and myself, I ask unanimous consent that this resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

A CONCURRENT RESOLUTION

To express the sentiment of the General Assembly that members of the Armed Forces of the United States should not be unionized

Whereas, the Aiken County Retired Officers' Association has recently brought to the attention of the General Assembly that several national unions may be attempting to organize members of the Armed Forces of the United States; and

Whereas, the long-term implications of members of the armed forces of this country belonging to a union could have adverse affects on the efficiency and fighting ability of our military personnel; and

Whereas, the possibility of strikes by members of our armed forces could leave the United States undefended in a time of military conflict; and

Whereas, the members of the General Assembly are desirous of taking a public stand against unionization of the armed forces of this country. Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

That the members of the General Assembly hereby express their sentiment that members of the Armed Forces of the United States should not belong to a union but should remain nonunionized in order to assure this country of a ready and effective fighting force.

Be it further resolved that a copy of this resolution be forwarded to each United States Senator from South Carolina and to each Congressman from South Carolina.

KISSINGER'S WARNINGS

Mr. BAYH. Mr. President, last week Secretary of State Kissinger strengthened

his warnings to Cuba regarding intervention in the potential conflict in Rhodesia. He said:

The United States will not accept further Cuban military interventions abroad.

This statement was followed by reports of preparation of contingency plans for a variety of military ventures to be directed against the Castro government, including a naval blockade.

It is difficult to judge, Mr. President, whether Secretary Kissinger is engaging in a campaign ploy to mollify the Ford administration's critics of the right or issuing an actual ultimatum. In either case, his remarks are most serious in nature and demand the widest possible discussion and debate.

If Mr. Kissinger is simply playing politics he has insured that American credibility, which he speaks of so often, will suffer a severe blow in the event Castro takes him up on his dare. If he intends to follow through, he is leading us toward an armed confrontation with Cuba and perhaps nuclear confrontation with the U.S.S.R., due to Cuban action against a white racist government in black Africa.

I certainly do not condone Cuban adventurism in Angola, Rhodesia or anywhere else, Mr. President, but I strongly believe this country needs a realistic foreign policy which is intelligently tailored to meet American interests in Africa, Latin America, and the world community. Secretary Kissinger's recent statements have not been so tailored, and I think Congress and the American public deserve an explanation.

This whole episode reminds me of a discussion I had with the Secretary of State while he was testifying before the Senate Appropriations Committees last year. At that time, I asked him, in the context of Vietnam, just when idle threats make good foreign policy. That question is even more pressing in the context of Cuba and Rhodesia.

Mr. President, last week the distinguished columnists, James Reston and Tom Wicker, wrote excellent pieces on Secretary Kissinger's Cuban policy. They raise some of the points I have discussed as well as others, and I would like to call them to the attention of my colleagues.

I ask unanimous consent that the columns be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

KISSINGER'S VAGUE WARNINGS

(By James Reston)

WASHINGTON, March 23.—Secretary of State Kissinger's warnings to the Soviet Union and Cuba against further military intervention in Africa make good political headlines, but it would be helpful if he would tell the country how he proposes to carry them out.

In his speech before the World Affairs Council of Dallas, he said "the United States will not accept further Cuban military interventions abroad." The issue in Angola, he added, "was and remains the unacceptable precedent of massive Soviet and Cuban intervention in a conflict thousands of miles from their shores. . . . The danger was and is that our inaction . . . will lead to further Soviet and Cuban pressures on the mistaken assumption that America has lost the will to counter adventurism or even to help others do so."

It is easy to understand his reaction, especially since he is being attacked in the Presidential campaign for being soft on the Communists, but what do these stern statements mean?

If the United States will "not accept" further Cuban military interventions abroad, how does he propose to stop them or punish them? Would he go back to a policy of economic or naval blockade of Cuba, or exert military pressure to force the Cuban expeditionary army back home?

His general principle seems sensible enough. "We are not the world's policeman," he says, "but we cannot permit the Soviet Union or its surrogates to become the world's policeman either, if we care anything about our security and the fate and freedom of the world. It does no good to preach strategic superiority while practicing regional retreat."

But it does no good either to issue warnings unless you are ready, willing and able to carry them out, as Mr. Kissinger himself discovered in Vietnam and again in Angola. He stated another principle in Dallas:

"The issue," he said, "is not an open-ended commitment or a policy of indiscriminate American intervention. Decisions on whether and how to take action must always result from careful analysis and open discussion. It cannot be rammed down the throats of an unwilling Congress or public."

This is precisely the problem now. For the Secretary of State has issued his warnings and indicated the United States would act in some unspecified way if Moscow and Havana don't stop their "unacceptable" military adventures; but there has been no "careful analysis" in the Congress or any serious "open discussion" of these highly complex and dangerous situations.

In Africa, as in Southeast Asia, the Soviet Government has openly insisted on its right to support what it calls "wars of national liberation." The United States has protested repeatedly about this policy and has warned that Moscow cannot violate the principle of coexistence "selectively" without endangering U.S.-Soviet cooperation.

There is no evidence here, however, that Secretary Kissinger is recommending a policy of economic retaliation against the U.S.S.R. Both nations agreed in the Helsinki declaration that they would "refrain in their mutual relations, as well as in their international relations in general, from the threat of use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations and with the present declaration."

This declaration also forbade not only the threat of direct force but of the "indirect use of force." Nevertheless, the Communist policy of intervening in these "wars of liberation" continues, along with the assertion by Moscow and Havana that it is not inconsistent with the policy of détente.

"We are certain," Secretary Kissinger said, without indicating who "we" are, "that the American people understand and support these two equal principles of our policy—our support for majority rule in Africa and our firm opposition to military intervention."

This may be so, though the issues have scarcely been debated here, but if the Government of Rhodesia insists on minority rule and the U.S. rules out military intervention, it is hard to see how Mr. Kissinger's warnings and principles can avert more guerrilla war in that part of the world.

Either they mean nothing more than a bold stand that would please the Reagan supporters in the Presidential campaign, or they mean that the United States has finally decided to draw the line against Soviet and Cuban military intervention.

And if the latter is true, then the American people, who would have to carry out the warnings, have a right to know what the Secretary has in mind. He is obviously frustrated by the hard task of defending his Soviet policy when it is violated openly by the U.S.S.R. and also when his efforts to stop the slide in Africa are opposed by a majority of the Congress.

But speeches are not likely to restore the balance, and threats that are not understood or supported at home could make the situation both in Africa and in this hemisphere even worse than they now are.

KISSINGER OUT ON A LIMB

(By Tom Wicker)

Secretary of State Henry Kissinger is getting himself further and further out on a limb over those 13,000 Cuban troops in Africa. First, he warned Havana and its sponsors in Moscow not to use the Cubans to intervene on behalf of the black guerrillas fighting against Rhodesia's all-white Government. Then he reiterated the United States' intention to "do nothing" to support that minority Government. Now he says those two stands are not contradictory—but that may be the saw you hear in the background.

"We are certain that the American people understand and support those two equal principles of our policy—our support for majority rule in Africa and our firm opposition to military intervention," Mr. Kissinger said in a news conference in Texas (two-gun country where Ronald Reagan will pose a strong challenge on grounds that the Kissinger-Ford policy abdicates military superiority to the Communists).

But the real question is not whether the American people understand Mr. Kissinger's policy, but whether it is understood by Prime Minister Ian Smith of Rhodesia, the black guerrillas opposing his Government and the black governments of Africa. The danger is that they will deduce—quite logically—that if Mr. Kissinger can say so forcefully that "the United States will not accept further Cuban military interventions abroad," he is prepared to take some action somewhere, in Africa or in this hemisphere.

Mr. Kissinger's warnings to the Cubans, therefore, no matter how hedged with statements of opposition to Mr. Smith, may well be interpreted as, in effect, tacit support for the Smith Government against one major threat to it—Cuban intervention in the guerrilla war. And since Mr. Smith already is adamantly opposed to negotiating toward majority rule in Rhodesia, the Kissinger statements must tend to reinforce his view that he really need not negotiate, since in the final analysis, the white powers cannot afford to let white Rhodesia be wiped out in race warfare.

Thus, Mr. Kissinger may be making Cuban intervention in Rhodesia more likely. Aside from whether Fidel Castro might be tempted to challenge the Kissinger edicts, anything that strengthens Ian Smith's obduracy and increases his black opponents' fears of a long, slow, costly guerrilla war is likely to lead the more quickly to a black call for Cuban help.

In that event, Mr. Kissinger's swaying limb would be near the breaking point. Not only is Congressional support of an American military response to Cuba in Rhodesia highly doubtful but actual American military support—arms or men—for the Smith Government against majority rule (even if supported by the Cubans) violates Mr. Kissinger's stated policy as well as common decency. The reaction among black Americans, particularly those large numbers of them in the armed forces, should be another sobering consideration.

Action in this hemisphere is not much more promising. There is no evidence that Americans are willing to back military action against Cuba; and Mr. Castro long since showed that he is willing and able to defy economic and political sanctions.

So if the Cubans are invited into the Rhodesian struggle and the United States proves unable to prevent it, Mr. Kissinger's limb will have been sawed through, dropping him right into his own nightmare: "If leaders around the world [as he put it in Texas] come to assume that the United States lacks either the forces or the will to resist while others intervene to impose solutions, they will accommodate themselves to what they will regard as the dominant trend."

Maybe so, and no one will be more responsible than Henry Kissinger, maker of empty threats, who could not have found Africa on a four-color map before he perceived it as an arena of big-power rivalry, and who persists in looking at it as a chessboard of global politics rather than as a continent with its own problems, political and economic necessities and human rights and aspirations.

Among those last are the hopes of more than six million blacks in Rhodesia, now dominated and exploited by about a quarter-million whites. Mr. Kissinger cannot seem to understand that they and the black governments that back them put first things first—they care more about support for majority rule than about the politics of Cuba or anyone else willing to help.

So a better and less risky way to guard against Cuban intervention in Rhodesia would be to take a vigorous and forthright stance against the Smith Government and for majority rule, using every reasonable form of pressure to speed a peaceful solution; because the longer Mr. Smith can hold out the more likely is the Cuban intervention Mr. Kissinger fears.

As for his Texas declaration that "the United States cannot acquiesce indefinitely in the presence of Cuban expeditionary forces in distant lands for the purpose of pressure and to determine the political evolution by force of arms," what does Henry Kissinger think American troops were doing in Vietnam? Or the C.I.A. in Laos? Or the Air Force in Cambodia? Is there one law for the United States and another for Cuba?

THE UNITED NATIONS CONFERENCE ON THE LAW OF THE SEA

Mr. METCALF. Mr. President, the third substantive session of the Third United Nation's Conference on the Law of the Sea convened on March 15 in New York City, hopefully to write a constitution, a set of basic laws, for two-thirds of the earth. I understand there are representatives from some 150 nations, which would make this the largest international conference in history. I need not remind my colleagues that the United States, as the world's leading maritime power, has a vital interest in every issue under consideration.

One of these issues is our right to use the advanced technology which American industry has developed at enormous expense to recover minerals from the floor of the deep ocean—minerals which will surely be as essential to our economic welfare in the future as energy sources are right now.

The very fair position on this issue that the United States is presenting at the Conference, as well as our position on other important areas of sea law, are set forth with clarity in an article entitled, "Constitution or Chaos for the World's Oceans," in the March issue of the Navy League's Sea Power magazine.

Because of the clear explanation given of the very high stakes involved for us at this United Nations Conference, I would like to call this Sea Power article to the attention of my colleagues and ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LOS '76: CONSTITUTION OR CHAOS FOR THE WORLD'S OCEANS?

(By Merle Macbain)

While the United States is celebrating its 200th year as a constitutional democracy, delegations from virtually every nation on earth are gathering this month in New York for another try at writing a constitution for the two thirds of the earth still outside the realm of law.

Times have changed since the days when all of the oceans beyond cannon shot range could happily belong to everybody in the special sense that they could not belong to anyone exclusively. Opinions on what the consequences will be if the third session of The Third United Nations Conference on the Law of the Sea (LOSC) accomplishes no more than the first two range from "nothing" to "chaos" to "war." If the latter predictions seem extreme, reflect that a bloody war and nearly a decade of turmoil followed the closing by Egypt in 1967 of a single strait, the Strait of Tiran, to Israeli shipping.

Admiral James L. Holloway III, who as Chief of Naval Operations has thought more about such matters than most of his fellow Americans, assessed the consequences as follows in a recent statement before the Senate Armed Services Committee: "Our studies by the Joint Chiefs of Staff in recent years have pointed to the potential for ever increasing confrontations, chaos, challenges, and conflict in the oceans, unless a new, comprehensive Law of the Sea Treaty is concluded."

THE GENEVA FOUR

In the simpler days before World War II the law of the sea consisted of old usage fairly well understood and observed by all. Piracy was punishable by death, international straits were open to all comers, and a three-mile "territorial sea" was legally a part of the adjoining coastal state—but open to "innocent passage."

But those old rules of "customary law" took no account of new modes of passage, such as those made by submerged submarines, and aircraft on "overflights." The changing situation still was not too serious until some states made claims, largely to protect fishing rights, to territorial seas of 12 miles or greater, and other states refused to recognize such claims.

The evolving course of events led to the First Law of the Sea Conference in Geneva in 1958, from which emerged four Geneva Conventions: the Convention on the Territorial Sea and the Contiguous Zone; the Convention on the High Seas; the Convention on the Continental Shelf; and the Convention on Fishing and Conservation of Living Resources of the High Seas.

Neither at the First Geneva Conference nor at a second one in 1960 were the nations represented able to agree on the breadth of the territorial sea, the extent of fisheries jurisdiction, or the outer limits of a coastal state's exclusive rights to continental shelf resources. The Contiguous Zone Convention provided an extra nine-mile strip in which the coastal state controlled fish and mineral rights and could police smuggling, immigration, and health regulations—but beyond that still narrow strip there lay the high seas, where all could sail, fly, fish, and pollute without restriction.

"Creeping jurisdiction" soon turned many contiguous zones into territorial seas. In some South American countries, where the tuna run far offshore, 200-mile contiguous or economic zones were decreed which in turn and by unilateral edict became "territorial seas."

BLUE-EYED POWERS AND A DETENTE ALLY

The tangle of conflicting claims, uncertainty over the outer limits of the oil-bearing continental shelf, and the demonstrated ability of the United States and other technologically developed nations to mine the deep oceans for metal-rich manganese nodules made another LOS conference a matter of some urgency. Phase One of that conference was held in Caracas in 1974 and demonstrated principally that such conferences are no longer a "gentleman's" gathering of blue-eyed big powers. The one agreement reached was to reconvene in Geneva from March to May of last year.

Some two thousand delegates from 141 countries were represented at Geneva, making it the largest international conference ever held. From the first the sessions were dominated by two contending viewpoints.

The great industrial and maritime nations, powered by the United States and its sometimes detente ally, the Soviet Union, favored the traditional freedom of the seas with strictly limited jurisdiction for coastal states in the economic zone, now thought of by one and all in terms of 200 miles.

The underdeveloped (or, rather, developing) countries were led by a monolithic bloc dubbed the "Group of 77." Among other advantages, such as an automatic majority vote, the bloc had the best slogans. To the cry that sounded in the corridors of Caracas, "The seas are the common heritage of mankind" (which Secretary of State Henry Kissinger has aptly described as merely a statement of the problem) were added "One Nation, one vote" and a more revolutionary concept sloganeered as "A new international economic order." The latter lofty utterance translates roughly into "share the wealth."

For efficiency the awesome agenda was divided among separate working committees. The First Committee was concerned with setting up an international regime to deal with exploitation of seabed resources beyond the limits of national jurisdiction. The Second Committee had responsibility for establishing the tacitly agreed on 12-mile territorial sea and 200-mile economic zone and the many related problems, particularly passage through straits. The Third Committee was given the deceptively simple task of assessing responsibility for protection for the marine environment and making rules for the conduct of scientific research within restricted economic zones. None of the committees reached any formal agreements.

INFORMAL ADVANCE

What did come out of the conference was an Informal Single Negotiating Text for a treaty designed primarily to serve as an agenda for the New York meeting. Although in its entirety it pleases no one, that text represents the only solid advance since the Conventions of 1958. Agreement, if any, to be reached in New York will be based on the issues in the text.

Ambassador John R. Stevenson, Chief of the U.S. Delegation at Geneva, and Bernard H. Oxman, U.S. representative in Committee II, summarized in the October 1975 issue of *The American Journal of International Law* what they personally regard as the ten elements of the negotiating text which offer the best basis for agreements in New York.

Those issues, paraphrased for brevity, are:

(1.) A 12-mile territorial sea, subject to the right of innocent passage.

(2.) Unimpeded passage through international straits for all vessels and aircraft.

(3.) A 200-mile economic zone in which the coastal state exercises sovereign rights over both living and non-living resources and over exploitation of the seabed of the continental margin where it extends beyond 200 miles, but is subject to a contribution of international payments for mineral production on the margin beyond 200 miles, with all states retaining their traditional freedoms

of navigation, overflight, and communications in the area.

(4.) Coastal state control of all drilling and economic installations in the economic zone.

(5.) Modernization of the regime of the high seas to allow for far-traveling tuna and shrimp fleets and for state-of-origin interest in anadromous species of fish such as salmon; also: new rules for control of unauthorized offshore broadcasting and suppression of illicit traffic in narcotics.

(6.) A new regime for unimpeded passage through sea lanes and on air routes that traverse archipelagoes.

(7.) International rules for marine pollution control, with limited coastal state enforcement rights against vessel-source pollution.

(8.) Provisions for international cooperation in marine scientific research and transfer of marine technology.

(9.) Machinery to deal with the exploitation of seabed resources beyond the outer limits of national jurisdiction.

(10.) A system for binding third-party settlement of disputes which cannot be resolved by negotiation.

NO DETAILS, NO DEFINITION

Although U.S. delegates are reluctant to discuss specific details, there is reason to believe that substantial agreement was reached in Committee II on the first six items. If so, it would represent significant progress, since the articles pertaining to the economic zone, where most of the known offshore oil and gas fields and commercial fisheries are found, affect more interests of more states than any of the other articles.

One important matter not agreed on was a definition of the high seas. If the various national economic zones and continental shelves are not included in the "new" high seas area, as the Group of 77 would have it, the area in which the traditional freedom of the seas could survive would be reduced by 40 percent, a matter not taken lightly by the maritime powers.

The real crunch, however, came in Committee I, where the only thing agreed on was the need for a legal regime for the deep seabed. At stake is the rich treasure trove of manganese nodules (nuggets of copper, nickel, and cobalt) carpeting great areas of the seabed at depths of 12,000 feet or more. The big problem, not yet solved, is to reconcile the views of those favoring a system of direct exploitation (by a new international authority—that "new international economic order") with the views of those desiring guaranteed access to specified mining areas, with security of tenure, for their nationals.

The view of the developing nations, as reflected in the text, is that the one-nation, one-vote Assembly should be the supreme policy-making organ for a new seabed authority—an economic czar for the oceans. American miners, who have hundreds of millions of dollars invested in preliminary development work, and investment bankers, who would have to furnish the much larger sums required for mining the deep sea on a commercial scale, are unanimous in their conviction that risk capital could not be raised on such terms.

SCIENCE SI, POLLUTION NO

The fairly recent pot-of-gold aura over deep sea mining has dimmed with a realization of the problems involved. However, expectations are still a factor and emotional ideology plays a strong role in the Committee I divisions and has doubtless been encouraged by land-based miners of the metals present in the nodules. The Group of 77 countries want an Authority with real power over the developed nations in what they see as the world's last unexploited area of natural resources. Since it is not an immediate pocketbook issue for them, moreover, they can afford to be adamant. Such authorities as Leigh S. Ratiner, ocean mining administrator for the Departmnet of the Interior, doubts that they will retreat from their one-country, one-vote position.

The division in Committee II seems more surprising since, by definition, pollution is bad and science is good.

Although some developing countries take the interesting view that the rich got rich by polluting the environment and it's now their turn, the principal point at issue is whether coastal states can have control over vessel-source pollution in the economic zone. By extension, however, such control would enable them to dictate design features of ships entering a zone and could therefore impinge on rights of innocent passage; e.g., they could deny passage to oil tankers per se.

The more serious Committee III differences arose out of the opposition of developing nations to foreign-flag scientific research near their shores. Progress here appears to run up against paranoia. The developing nations charge that, where such research is not a cover for espionage, it will be used to uncover and exploit new sources of wealth for the benefit of others. The U.S. position is that permission for research is a high seas right that may not be denied in an economic zone. A U.S. counter-proposal, rejected outright, stipulated that adjoining coastal states would be invited to participate and to share in the findings. There may be some chance for agreement in a USSR-led socialist-bloc proposal that coastal state consent be required for research related to resources, with other scientific research subject only to "reasonable" treaty obligations.

ARBITRATION A MUST

The last major item in contention, an arrangement for binding third-party settlement of disputes, would apply to all parties and to all substantive elements of an LOS treaty. The United States will insist on such an arbitration provision as part of any overall treaty package. The essential issue involved in compulsory settlement of disputes is the need for a guarantee of both coastal state and international rights in the economic zone. It would not be difficult to surmise that those who already favor excluding the economic zone from the high seas foresee that without compulsory dispute settlement the zone could easily evolve into a territorial sea.

Such are some of the more difficult problems which face the New York negotiators—plus the fact that the Group of 77 is now the Group of 105, so designated by outgoing U.S. Ambassador to the United Nations Daniel Patrick Moynihan, who has had occasion to count them. Their leaders are tough and smart; a number of them were educated at Harvard and Oxford. The United Nations is their true forum and the oceans their chosen battleground. They want international indexing, technology transfer, and "a place in the world," and their stance, so far, on matters of substance is "Don't give an inch."

The most important factor favoring success in New York is the consciousness even among the underdeveloped nations that: (1) 1976 may well be the last chance for an LOS treaty; and (2) they are the ones with the most to lose.

CONGRESS ACTS, PRESIDENT WAITS

The alternative to failure, for the United States and other developed nations, is a combination of unilateral and cooperative actions. A significant step toward establishing a broader U.S. economic zone was made with Senate passage of the Magnuson Fisheries Management and Conservation Act (S. 961); a similar bill (H.R. 200) was passed earlier in the House. Both bills establish a 200-mile U.S. fisheries zone. President Ford has indicated he will sign a conference bill into law, providing it incorporates a Senate provision delaying its effective date until 1 July 1977. The intentional delay would allow time to see what happens at the eight-week LOS session starting this month as well as another short session scheduled, if needed, to begin sometimes in August.

Senator Lee Metcalf (D-Mont.), whose Subcommittee on Minerals, Materials, and Fuels has held exhaustive hearings on deep sea mining, is sponsoring legislation designed to set up a licensing system for deep sea miners and provide them indemnification against any loss of tenure in their claims due to later establishment of an international authority.

Representative John Murphy (D-N.Y.), Chairman of the House Subcommittee on Oceanography, is sponsoring similar legislation. Sponsors of both bills favor a cooperative arrangement with other nations possessing deep sea technological capabilities (Japan, West Germany and France, so far) which would provide mutual protection for each other's claims.

The prestigious National Advisory Committee on Oceans and Atmosphere (NACOA) shifted position in its 1975 report to the President and Congress and now strongly favors unilateral U.S. action establishing a wider economic zone—both to encourage deep sea mining (to reduce dependence on foreign mineral sources) and to provide preferential rights to U.S. fishermen in a 200-mile resources conservation zone.

Coastal mineral resources, principally oil and natural gas, are already protected under the earlier Continental Shelf Convention.

There seems to be relatively little to argue about concerning "the navigation issue"; merchant ships would undoubtedly continue to sail unimpeded through international straits since the economies of all nations are dependent upon such traffic.

As for navigational rights for naval/military ships and aircraft, it can be assumed that NATO and Warsaw Pact countries have too much at stake in the free mobility of their defense fleets and aircraft to tolerate interference will transit through international straits or impediments to navigation on the high seas.

NOTHING GOOD PREFERRED TO SOMETHING BAD

There are numerous other factors to bolster the argument, frequently heard of late, that no treaty at all is better than any treaty that can conceivably come out of the New York conference.

On the other hand, most knowledgeable U.S. leaders—diplomatic, political, and military—appear to believe that prospects both for peaceful settlement of disputes and for orderly exploitation of the earth's last frontier are worth the investment of time, patience, and reasonable concessions that a treaty worthy of world consensus would require—always provided that essential U.S. rights on the high seas are preserved.

Even if more good will is shown this time around than was evident in Geneva and Caracas, however, the eight-week session in New York still seems too short to permit resolution of all still existing differences. And there will not be time enough for final action in the short session contemplated for August, which must end with the opening of the fall meeting of the United Nations in September.

Two more LOS failures will, however, probably result in strong unilateral legislation being passed by the U.S. Congress regulating the field of deep sea mining as well as strengthening U.S. claims to a broader economic zone. Such legislation, if signed into law (or passed over the President's veto), would undoubtedly be followed by both cooperative and retaliatory action by other nations. The resulting chaos of claims and counter-claims, accompanied by threats, and possibly by force, could, however, result

in a new and probably final U.N. effort at LOS agreement early in 1977.

If that effort is also unsuccessful, the dream of a world constitution for the seas will, in the view of one senior State Department official, either go away for good or just drag on to no avail.

In any case, there are few, if any, on either side of the dispute who believe that a bad treaty would be better than none at all.

Mr. FANNIN. Will the Senator yield?

Mr. METCALF. I will be pleased to yield.

Mr. FANNIN. I want to thank my colleague from Montana for calling our attention to this article, which I have read. It indeed sets forth very clearly the issues under consideration in New York where decisions may be reached that will profoundly affect our traditional rights on the high seas. These issues bear directly on both our national defense and our economic welfare, particularly in the matter of deep sea mining, an area in which we have waited patiently for a long time for the internationally acceptable rules that have been promised us by the United Nations Conference. While the diplomats in New York continue their endless discussion, showing very little sign of progress, the distinguished Senator from Montana, who chairs the Minerals, Materials and Fuels Subcommittee, has acted quietly and effectively. On March 18, the Full Interior Committee took decisive action in the area of ocean mining. The chairman, who was kind enough to yield to me, deserves much credit for his leadership and extraordinary patience in the face of such protracted delays as have become commonplace in the International Law of the Sea negotiations taking place under United Nations auspices.

Mr. JOHNSTON. Will the Senator yield?

Mr. FANNIN. I will be pleased to yield.

Mr. JOHNSTON. I wish, also, to associate myself with the request made by my colleague from Montana. I am not insensitive to the importance of establishing international rules which will provide a fair climate for the huge investment involved in the deep sea mining of manganese nodules to reclaim minerals that will surely be in short supply. I would like to remind my colleagues, as this excellent article points out, that there are many other matters on the agenda in New York that affect our welfare and even survival as a maritime power. Such matters as our rights of passage through what are now international straits if new lines are drawn for territorial seas and for economic zones, our continued right to conduct scientific research on the high seas, our right to protect our fishermen off our own coasts and to control pollution of our coastal zones are all being considered and even challenged at this Law of the Sea Conference. I am desirous also of associating myself with the suggestion that the summary of the issues at the Conference be made available through the RECORD. I too am pleased to join my colleague from Arizona in commending the quiet and effective leadership of the Senator from Montana for initiating legislative action designed to protect the interest of Americans first rather than to sit quietly back and be handed a fait accompli by foreign diplomats asking the United States to surrender its existing and long-standing rights which have derived from the Freedom of the Seas Doctrine.

SOLAR ENERGY RESEARCH INSTITUTE

Mr. GRIFFIN. Mr. President, on March 15, the Energy Research and Development Administration—ERDA—issued its request for proposals for the establishment of a Solar Energy Research Institute—SERI. The ERDA requirements have been carefully examined by the Michigan Energy and Resource Research Association—MERRA—a nonprofit research and development corporation presently concentrating its efforts on preparing a proposal for establishing SERI in Michigan. MERRA is confident that Michigan has ideal qualifications to provide both a temporary and a permanent site for SERI which fully meet all the major requirements for locating such an Institute.

The importance of the Solar Energy Research Institute has been underscored by ERDA Administrator, Dr. Robert C. Seamans:

If the full potential of solar energy for meeting our national energy needs is to be realized, a major, concerted technological effort is required over the next few decades. I expect the Solar Energy Research Institute to make an increasingly significant contribution to this effort as it responds to the solar program's growing need for analysis, information, and research related to all promising solar applications.

It is likely that a number of the proposals to be submitted for the SERI site will be able to meet the basic criteria of adequate acreage, title to the land, a location close to a major airport and institutions of higher education, and a suitable environment. Therefore, the final site selected for the Institute will undoubtedly be one which additionally offers some unique overall advantages, such as the caliber of educational institutions, the distinctive quality of the living conditions and environment, the degree of industrial development, and the support of the State, labor organizations, and environmental groups.

There is no doubt that the competition will be keen. However, I believe that Michigan's proposal will offer distinct advantages which will make my State an excellent location for the Institute.

As a State which is itself 95 percent dependent upon out-of-State energy supplies, Michigan fully understands the significance of the national goals of energy conservation and energy independence. Thus, the effort to establish SERI for research and development of new energy potential enjoys the support of the entire Michigan congressional delegation, Governor Milliken, labor, industry, the environmental community, the academic institutions, and the people of Michigan.

In fact, Michigan industry is already actively engaged in a number of research and development projects which will eventually lead to the commercial utilization of solar energy. These projects include the development of solar heating and cooling components, as well as the design, installation, and testing of solar heating and cooling systems.

The United Auto Workers—UAW—has constructed a solar heating system at its Walter and May Reuther Family Center at Black Lake, Mich. Research related to solar technology is being engaged in at the State's highly respected universities, such as the University of Michigan, Michigan State University, Wayne State University, and Michigan Technological University.

In addition to its commitment to solar energy research, Michigan's central geographical location in a highly concentrated population center, its developed industrial sector providing a sound technological case, its outstanding educational institutions, its excellent transportation facilities, and its distinctive cultural and recreational opportunities are just a few of the unique advantages offered by establishing the Institute in Michigan.

For these reasons, I believe Michigan is a particularly well-suited site for the establishment of SERI.

ENERGY CONSERVATION IN THE BUILT ENVIRONMENT

Mr. HUMPHREY. Mr. President, recently I had the honor of addressing the Architects-Engineers Public Affairs Conference here in Washington.

During the conference, the architects-engineers attended workshops where Members of Congress discussed the key issues related to their work.

The distinguished Senator from Colorado (Mr. GARY HART), who has played an active role in developing energy legislation, spoke on energy conservation as it relates to architects and engineers.

In his address, Mr. HART noted that according to Federal Energy Agency estimates, the built-environment consumes over one-third of all energy used in the United States and that savings of at least 30 percent can be achieved by using energy-conserving methods and materials in new construction. He reviewed congressional efforts to address these problems by establishing thermal efficiency standards and creating incentives for better insulation in homes and buildings. Mr. HART also pointed out the importance of solar energy as a part of the conservation picture, an approach I also support.

Mr. President, I would like to share with my colleagues Mr. HART's excellent remarks on this vital issue. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

ENERGY CONSERVATION IN THE BUILT ENVIRONMENT—LEGISLATION THAT AFFECTS ARCHITECTS AND ENGINEERS

(Remarks by Senator GARY HART)

I'd like to extend a warm welcome to Washington and my support of this conference dealing with the wise management of our natural resources. I am honored by the invitation to speak here today for it was my acquaintance with a member of the AIA that prompted me to take an active interest in energy conservation in the built environment.

During my campaign for the Senate I met a remarkable man, Dick Crowther, of the Crowther-Kruse-McWilliams architectural firm in Denver. Since the late 1940's, Dick has been incorporating energy-conservation design techniques in his buildings. He recently completed a unique residential compound in which he retrofitted an existing building and constructed a new building on the same lot with energy-saving architectural features and solar heating equipment.

Dick was able to reduce the energy requirements for heating and ventilating the retrofitted building by 40 percent. In the new unit he reduced the energy requirements for a conventional building of comparable size by 90 percent.

Dick Crowther's efforts are impressive on two counts:

First, he has shown through architectural design and innovative technology that conventional modes of construction and design were wasteful and gluttonous of energy and resources.

Second, Dick put his own resources into concepts which he knew would work and were worth trying to sell to the public. It didn't take a multimillion dollar government grant or an expensive corporate laboratory—it took the courage and vision traditionally exhibited by individual inventors and designers across our country.

In fact, his designs incorporate some very basic energy-saving features which are obvious once they are pointed out, but, because of the waste and inefficiency of conventional construction, have become a lost art.

Devices such as:

Taking advantage of site orientation and integrating baffles into the design so that the sun can enter the house in the cold months of winter but is blocked in the summer;

Using glass sparingly and, where used, double-glazed;

Placing windows up to the adjoining wall to maximize reflection and cut lighting needs.

None of the features were particularly startling or futuristic. But compared to the lack of energy efficiency of conventional buildings, they were a revelation to a layman like myself.

Our complacency with the inefficient use of energy was perfectly illustrated in a cartoon that appeared three years ago in the New Yorker Magazine. The sketch shows an architect discussing a model of a high-rise office building with his client. The caption below reads: "To meet the energy shortage as it applies to air conditioning, the panes of glass are so designed that they may be moved up or down at the occupants will, thus allowing fresh cool air to enter the building when desired."

The truth is that our buildings have been constructed on the mistaken assumption that cheap energy could make up for losses incurred through the desire for style or symmetry. Hopefully, our collective consciences have been raised by the energy crisis which exposed our profligate practices of the past. The studies and reports published by your organizations have contributed greatly to the dialogue that has ensued over the need to educate the public and fellow professionals about energy conservation and the means of accomplishing significant energy savings in buildings.

Recent estimates have significantly lowered the predicted amount of undiscovered petroleum—both domestic and worldwide. U.S. production is predicted to drop drastically toward the end of the eighties. Known deposits will approach depletion in the early part of the next century. Petroleum, which supplies so much of our energy base should be conserved for vital uses such as fertilizers, pesticides, synthetics and other petrochemicals.

All means of energy and natural resource conservation must be pursued aggressively. And you here today can have a significant impact on energy savings just by developing and applying conservation measures in residential and commercial buildings.

The Federal Energy Agency estimates that the built environment consumes over one-third of all energy consumed in the U.S. and that savings of at least 30% can be achieved by using energy-conserving methods and materials in new construction.

An excellent report published by the AIA is more optimistic in the potential impact of a high priority national program emphasizing energy efficiency in buildings. This study projects a savings of more than 12.5 million barrels of oil per day by 1990.

We know that at least 18 million of this nation's homes are inadequately insulated, and the actual number is more like 30 million. Yet only 7 states have adopted building code legislation dealing with energy use in new buildings. Four other states have passed energy standard statutes but are awaiting regulations, and four states have adopted voluntary codes. Even in those states that have adopted mandatory standards, they have not been set at a level that will have much impact.

However, a week ago the Senate passed legislation which will help change this situation. This controversial measure, the Energy Conservation and Insulation in Buildings Act, was designed to perform two functions:

One—it authorized Federal funds for insulating the homes of low-income people through a program that is essentially an expansion of the existing Emergency Energy Conservation Service Program. Such insulation should reduce fuel bills of low-income persons almost $200 million annually by 1980 and save over 12 million barrels of oil each year.

The second and most significant section of the bill directs the Dept. of Housing and Urban Development in conjunction with FEA, the Bureau of Standards, and GSA, to establish minimum energy conservation standards for new residential and commercial buildings within three years. One year after the federal standards are promulgated, the government could cut off the flow of financial assistance for construction of new buildings to states or localities which fail to adopt at least the minimum standards. These strict sanctions against non-compliance distinguish this legislation from the House passed bill which provides for voluntary standards. This Senate bill was strongly supported by the Administration and was also endorsed by the National Governor's Conference, consumer and conservation groups, and the AIA.

If thermal efficiency standards were applied to every new building in the country, end-use energy consumption could be slashed by at least 27% without increasing building costs or compromising individual comfort.

Controversy over national standards has arisen because of their mandatory nature. People are fed up with government intervention in local affairs, and in many instances rightly so. But in dealing with an issue as important as conserving vast amounts of energy, it is vital that a uniform course be set and, to all extents possible, be followed by the nation.

In the case of building standards, over three thousand different building code jurisdictions makes it impossible to achieve voluntary compliance with uniform energy efficiency standards. Because of the specialized information that needs to reach each of these jurisditions, it is imperative that the Federal Government assist in getting these codes adopted before we plunge to the bottom of our energy well.

A major conservation measure which has already passed the House and is pending in the Senate, is the Energy Conservation and Conversion Act, H.R. 6860. This legislation addresses many methods of conservation and includes important tax incentives for the installation of insulation in residential and commercial buildings.

This bill, as amended by the Senate Finance Committee, would provide for an income tax credit of up to $225 for expenses incurred in insulating a principal residence. The House version would have limited the credit to a maximum of $150. The Senate Finance Committee also voted to extend the 10% investment tax credit currently in effect for commercial buildings for another five years. Both measures will be in the bill that reaches the Senate floor. FEA estimates that savings of over 130,000 barrels of oil per day could result by 1985 by maintaining these tax credits.

Another interesting feature of this bill is a provision to provide similar tax credits for solar energy equipment installation. The House bill would give an income tax credit of up to $2,000 for a principal residence. The Senate Finance bill modifies this to include all residencies, not only principal ones. The Committee expanded the existing investment tax credit for solar to a 20% investment tax credit through 1980 and a 10% credit from then until 1984.

The solar equipment which qualifies for the credit must use solar energy to heat and cool the building or provide hot water within the building and must meet standards prescribed by HUD.

I have included solar energy incentives as part of the conservation picture because solar energy can and must play an increased role in saving conventional fuels that provide energy to buildings. An aggressive solar heating and cooling program could result in savings of one million barrels of oil per day by 1985.

This fact brings me to a bill I introduced in the Senate and Representative Ottinger introduced in the House—the Conservation and Solar Energy—Federal Buildings Act, S. 2095. This legislation would require that buildings financed with Federal Funds utilize the best practicable measures for energy conservation and the use of solar energy systems. The Act would require GSA and the Department of Defense to jointly develop guidelines which would achieve high energy efficiency in federal buildings and, where economically and technically feasible, would require the installation of solar energy equipment.

Use of energy-saving building techniques and solar equipment would have an enormous impact. The federal government currently owns and operates over 400,000 buildings which total almost 2.5 billion square feet or space to be heated, cooled and lighted.

Energy agency estimates show that by installing solar equipment on new federal buildings and retrofitting these systems where possible, almost 20,000 barrels of oil equivalency per day could be saved by 1980.

In this legislation, great emphasis is placed on developing costing techniques which analyze the energy requirements of a building over its entire economic life—life-cycle costs as they are called. Even though the complexity of life-cycle costing should not be understated, it is imperative that future construction methods consider the costs of providing energy to a structure over its lifetime. This will put initial costs in perspective and highlight the long-term cost effectiveness of energy conservation.

These life-cycle considerations must also include a fully integrated approach to construction. Traditionally, heating, cooling and lighting have all been regarded as separate systems developed as single units and installed in a building for separate functions. This piecemeal, fragmented approach must be replaced by comprehensive integrated planning or major energy components, with appropriate analysis of future energy demands and costs.

To avoid the pitfalls of focusing on only the initial costs of government buildings, my bill would change procurement procedures so that increased costs from non-conventional energy-saving equipment or design can be used. Interestingly, many experts have stated that buildings designed for energy efficiency are shown to be cheaper than conventionally constructed edifices. When solar equipment is brought into the picture, initial costs dramatically increase and life-cycle costing becomes crucial to justifying the cost effectiveness of these systems.

The role of the government in promoting the rapid commercialization of solar energy equipment through this program should not be ignored.

The solar industry, now in its infancy, needs the kind of expanded market the government can provide by its procurement policies. Through extensive government installation of such systems, valuable information would be obtained for both producers as well as potential consumers. My bill was designed to get a strong federal buildings plan for solar energy utilization and its partner conservation adopted as quickly as possible.

The additional federal expenditure over the long run would be minimal especially in light of rising energy costs and the comparable Federal commitments to more expensive and in many ways less tested energy sources—such as nuclear. It is a sorry state of affairs when this nation will be required to spend twice as much in 1977 to protect us from nuclear reactor wastes and possible malfunctions as will be spent on the entire solar budget.

Another bill which has gained a good deal of momentum and interest in recent weeks is S. 2932, the Energy Conservation Act of 1976 introduced by Senator Kennedy. This measure provides $10 billion in federal loans and subsidized interest rates to provide front-end capital for conservation improvements in existing buildings. The incentives detailed in this bill are to be allocated in conjunction with state energy conservation programs and would dovetail with the state Energy Conservation Programs established under the Energy Policy and Conservation Act signed into law last December.

The primary intent of this legislation is to provide easy access to capital necessary to make energy conservation improvements in existing buildings and manufacturing plants. Our modern economy evolved during the era of cheap and abundant energy. This evolution has brought with it tax laws, rate structures and lending practices which placed undue emphasis on low initial costs. Both institutional and attitudinal constraints have made people unable or unwilling to borrow front-end capital to make conservation related improvements to their homes, office buildings, or industrial plants. These incentives together with state energy plans, will combine to focus on the cost effectiveness of greater energy efficiency.

There is no doubt that the economical payoff of conservation is one of its fundamental advantages. For example, FEA has calculated that installing ceiling insulation in a home saves energy equal in value to fuel oil selling at about $5 per barrel. Since home heating oil now retails for about $16 per barrel, the economic benefit of installing ceiling insulation is obvious. When one looks at the costs of other fuels, the savings are equally dramatic since the equivalent prices in terms of oil are $11 per barrel for regulated natural gas; $22 per barrel for shale oil; $23 per barrel for gas from coal; and electricity from nuclear power is $27 to $35 per barrel.

The legislation I have outlined today includes only a few of hundreds of energy-related bills directly or indirectly affecting energy conservation. I have focused on them because of their importance in the framework of energy conservation and the good chance each has of becoming law by the year's end.

Now is a good time for the affirmative pursuit of energy efficiency in construction, transportation and industry. You, here today are sitting on a gold mine which can help contribute to managing the world's crisis of resource scarcity. Your contribution by designing and constructing buildings which maximize our precious resources will not only have a direct effect on our economy and society, but it guarantees a sound standard of living for the generations to come.

A SALUTE TO WILLIAM GORDON

Mr. TALMADGE. Mr. President, it was recently my pleasure to read an interesting and inspiring tribute to an outstanding Southerner and a distinguished American, William Gordon, Senior Foreign Service Officer for the U.S. Information Agency.

The article, in the winter issue of "Mississippi Magic," published by the Mississippi Agricultural and Industrial Board, particularly saluted Bill Gordon for receiving the "Outstanding Mississippian Award," the highest honor the Governor can confer upon a native son. But more than that, the article is the reflection of an American success story that is a credit to Bill Gordon himself and to the American way of life.

A black man of extremely humble beginnings as the son of a sharecropper in Mississippi, Bill Gordon worked hard, studied hard, and rose to preeminence in his field. We take pride in the fact that for several years in his distinguished career, Mr. Gordon worked in Atlanta as associate editor of the Atlanta Daily World, during which time he formed a close friendship with the late Ralph McGill.

I congratulate Bill for his many splendid accomplishments, his lasting contributions to human relations, here and abroad, and for this well-deserved recognition by the State of Mississippi.

I bring the article to the attention of the Senate, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WILLIAM GORDON, USIA

In March, 1975, before a distinguished gathering of foreign journalists and Mississippi's capitol press corps, Governor William Waller presented to William Gordon the Outstanding Mississippian Award, the highest honor that the state's chief executive can confer upon a native son.

Bill Gordon had come home.

The occasion of his return visit and well deserved recognition as an outstanding Mississippian was vastly different from the circumstances of his leaving his native state many years before.

Bill Gordon, Senior Foreign Service Officer for the United States Information Agency, is the epitome of the all-American success story, the great American dream. His life story follows the formula faithfully—from poverty and obscurity to distinction.

There was no fanfare, no special observance to mark the occasion of his birth in a sharecropper's cabin in Bentonia, Mississippi. His father was a black sharecropper who never got beyond the one-room school houses in the cotton fields of pre-Depression Mississippi. His grandfather could neither read nor write, his great-grandfather had been a slave.

When he was still young, the family moved to Marked Tree, Arkansas. There he encountered Mrs. Ola Walker, his teacher in an all-black school who saw something special in this quiet child.

She was the catalyst, but he made the decision.

At 13, in the middle of the Depression, he left. With his brother and a friend, Bill Gordon literally walked away from his environment.

It was a long walk from Marked Tree to Memphis, and for the young black boy, an immensely symbolic move.

In Memphis, with fortitude and determination, he set the pace and formed the pattern for a lifetime of achievement.

Very much alone and on his own, he went to school while he worked as a waiter in a little drive-in restaurant owned by a Greek named Steve Dendrinos. He worked for Dendrinos through four years of high school and four years of college, sometimes putting in 18 hours a day in his determination to get an education.

At Booker T. Washington High School Gordon persuaded school officials to let him start a school newspaper which is still going after 37 years. At the same time, he wrote a column for a local black newspaper.

Last year, after a 30-year absence, Gordon returned to Memphis and Booker T. Washington as principal speaker for his class reunion.

His list of academic credits is impressive. He was graduated in 1947 from LeMoyne College in Memphis with a B.A. in Economics. He attended Columbia University in New York for two years and received his M.A. in Economics from New York University, his major field of study in political science, social history and creative writing.

He didn't even break his stride for a two-and-a-half year stint in the Army in the mid-40's. Stationed in New York he worked on the copy desk for PM, the avant garde experimental newspaper started by Ralph Ingersol and Marshall Field. In graduate study at Columbia and New York University, he continued working at PM where he came in contact with a number of now-famous personalities, whose writings and philosophies strongly influenced the young journalist.

In the late 1940's Gordon's journalistic abilities were honed as a special assignments reporter for the New York Star, as city editor for the New Jersey Hearld News in Newark, and in 1949 as associate editor of the Atlanta Daily World, a large and well respected black newspaper.

His editorial achievements at the Daily World, where he remained for more than eight years, began to bring him widespread notice. Gordon came into national prominence in the mid-50's when his front page stories and editorials on a rash of fatalities from poisonous moonshine were picked up by the wire services and television networks.

It was at that time that he formed a close and lasting friendship with the late Ralph McGill, Pulitzer Prize winning editor of the Atlanta Journal.

Shortly after, through McGill's intervention, Gordon was awarded two of the most prestigious Fellowships in the field of journalism and letters. He received a Neiman Fellowship in Journalism at Harvard and in 1958 an Ogden Reid International Journalism Fellowship.

Gordon was one of the first black Southerners ever to receive a Neiman Fellowship, and McGill ran into strong opposition when he recommended Gordon.

The Ogden Reid Fellowship took him, with his wife and three small sons, to 25 African nations for special study. He was the first Negro journalist to visit South Africa in 1959 and he chose Ghana, which had just re-

ceived its independence, and the Union of South Africa. "I went to learn what kind of leadership they were developing," he explained, "whether toward democracy or which way they were going."

Gordon was impressed with the South Africans' deep desire for independence of leadership. "They had an insatiable thirst for education. They revered education, knowing it was the vehicle for pulling their countries into the 20th century." He found also the African leaders had "an unusual ability to communicate; in the marketplace of a small village they could make themselves understood, then go before leaders of European countries and articulate as effectively as the Europeans."

His studies at Harvard brought him in contact with such persons as Arthur Schlesinger, Sr., Professor Theodore Morrison and Ernest Hemingway. At Harvard, Gordon also became acquainted with Henry Kissinger, on the university faculty at the time, who asked Gordon to join an international seminar group. Gordon was the first black American ever invited to join the group which numbered among its members writers, artists, economists and political scientists from every country of the world. Many of those associations have sustained until today.

His studies under the Reid Fellowship led to his post with the United States Information Service which took him all over the world talking about America, "creating an accurate image of the nation." With the USIS he was Public Affairs Officer in Eastern Nigeria, Chief Information Officer in Nigeria and Public Affairs Officer in Stockholm, Sweden.

Well educated, authoritative and diplomatic, Gordon was a well chosen emissary of the USIS to foreign nations.

"America's image has often been distorted by our adversaries," he said. "In many places, sheer ignorance and the lack of accurate information causes people to completely misunderstand the U.S. government and the American people and particularly their objectives.

"Such misunderstanding," he said, "can result in costly friction and tragic conflicts. It has been said that if ideas and food do not cross borders, then soldiers will."

When foreigners ask him how he can praise a country that has repressed black people, he tells them about his family's "upward mobility."

In 1966 he attended the course for senior diplomats at the Army War College in Carlisle and then was assigned to the United States Information Agency in Washington, D.C. He was named Deputy Director of Public Information in 1973 and a year later was elevated to the position he now holds.

Although his academic background is noteworthy, it is perhaps in the translation and application of the knowledge he acquired that lies the key to Gordon's potential, and his own "upward mobility."

Soft spoken and immensely articulate, Bill Gordon speaks of his modest beginning with absolutely no bitterness nor rancor and describes his accomplishments and professional life with modesty and almost detachment.

He speaks more willingly of his three sons, whose environmental influences as well as international education are reflected in their personal development. His eldest son, William, Jr., at 29 holds, a Ph. D. in physics from the University of Rochester, was a university professor and is currently working on a medical degree. His wife has a Masters in physical therapy, and they have a small daughter, of whom Bill Gordon speaks with great tenderness.

David, 24, was graduated a Phi Beta Kappa from Amherst and is in his third year of medical school at Harvard. The youngest son, Anthony, has always shown a good bit of business acumen, according to his father, and appropriately is majoring in Business Administration at Frostberg State College in Maryland. Although only 19, he is in his junior year.

That, as Gordon once put it, is a long way from the cotton fields.

Gordon apparently sees himself and his sons as the embodiment of the opportunities for blacks in America today; an example of the progress that is being made in race relations. The rest of the world looks to America, he has discovered, to provide the answers for effective racial equality.

The problem of racism is "almost universal in one form or another," he has written. "The spectre of race haunts almost every part of the world, consuming energies and attention needed to solve major human problems, such as peace and survival."

Gordon has captured the attention and high regard of colleagues and many notables with whom he has come in contact throughout his career. His success in his personal and professional life can best be measured by the tributes paid to him.

A USIA official in a communication to the Director of Foreign Service personnel wrote" . . . his finesse and top qualities in public relations work . . . represent the kind of positive institutional publicity which reflects credit on the agency."

McGill described him as "able, sincere and dedicated" and wrote that "by his personal integrity, balance and consistent policy of going by the facts, has made himself widely known and respected."

In a profile on Gordon in the Atlanta Constitution he was referred to as a bridge builder, "trying to bridge the gaps between people . . . and across racial lines."

In 1969, on his return from three weeks in West Africa where he had visited with Gordon, Ed Murrow wrote to McGill: "He (Gordon) is without exception one of the outstanding officers in this Agency. He practically 'owns' Eastern Nigeria . . . the Information Center is the yeastiest institution I saw anywhere in Africa. I wish we had a few hundred officers like him."

In 1973, when Gordon was under consideration for an ambassadorial position, Ernest Spaights, assistant chancellor of the University of Wisconsin-Milwaukee, wrote a recommendation to the White House outline his knowledge and impressions of Gordon, formed when Gordon joined the faculty as a Visiting and Distinguished Professor of mass communications in 1969–70 and in 1971–72.

In his letter, Spaights said, "Mr. Gordon has distinguished himself in each of his position (as a newspaper editor and with the USIA), and particularly here at the university.

"His command of the diplomatic history of the United States and his insightful approach to . . . the problems confronting this country generated many positive statements from his students as well as faculty colleagues."

Spaights described Gordon as "a superb scholar" and stated that Gordon was considered by the students, faculty and administration "to be one of our top professors."

Perhaps one of the most meaningful tributes to Bill Gordon came from his native state, long and unfairly regarded as the last bastion of racial inequality.

Last March in the state capitol building, the Governor said, in presenting the Outstanding Mississippian Award to Gordon, "Though his road to success was deep with ruts and hard to travel, William Gordon went on to excel in many areas, and for having so excelled in his personal endeavor, it is my honor and privilege as Governor to present him with an Outstanding Mississippian Award."

Bill Gordon had come home.

NATIONAL SECURITY WIRETAP LEGISLATION—COMMENDATION OF PRESIDENT FORD AND ATTORNEY GENERAL LEVI

Mr. PERCY. Mr. President, those of us in the Senate who have for years endeavored to achieve reforms in the field of wiretapping and electronic surveillance now at last have a reason to be fully satisfied. After years of battling with the executive branch to place national security wiretaps under the court-ordered warrant system, President Ford and Attorney General Levi have, at their own initiative, presented Congress with legislation to fulfill this very purpose.

Originally announced as part of the President's general reorganization of the intelligence community, the new legislation will, for the first time, place the independent judgment of a court as a check upon the President's ability to order wire taps in the national security. Probable cause warrants will be required, and time limitations will be placed on authorizations of such wiretaps. This legislation has been worked out at the very highest levels of the Ford administration in consultation with Members of Congress, and represents a long awaited policy shift in the direction of individual rights and Government responsibility.

While today it is a well-settled postulate of constitutional law that wiretaps and electronic surveillance fall under the fourth amendment's prohibition against unreasonable searches and seizure, great controversy has always surrounded the application of this doctrine to the right of the Executive to take emergency actions to protect the national security. A specific exception was written into the 1968 Federal wiretap statutes for the very purpose of avoiding a constitutional showdown on this issue. As a result, the Federal courts have been forced to rule time and again on the specific scope of this exception. Most inotable in this line of cases are *United States* v. *U.S. District Court*, 407 U.S. 297 (1972), and *Zweibon* v. *Mitchell*, 514 F.2d 1350 (1975).

The many well-publicized abuses of the administration's national security wiretap powers have made reform imperative. The findings of investigations into both the Watergate-related events and now the intelligence field have documented without question the danger of allowing such power to exist without some kind of independent check. It is basic to our constitutional system of checks and balances that the courts act as a shield for the individual citizen against the prosecutorial and investigative functions of the executive branch. While today we are fortunate to have a President and an Attorney General with unquestioned integrity, our experience in the past has amply demonstrated that without legal curbs on Executive power, such power becomes absolute, and as such is most prone to corruption.

Until now congressional initiatives to interpose the independent influence of the courts into the process for national security wiretaps have met with frustration because of the often voiced fear of tying the President's hands in emer-

gency situations. Now we have confirmation from the President himself and the Attorney General that this fear need not be a roadblock, and that a workable accommodation can be reached.

I hope that with the combined support of both the administration and concerned quarters in the Congress, we might be able to pass a wiretap reform bill this year, so that the many years of unchecked Executive power can finally be brought within judicial control, and that this longstanding controversy over national security wiretaps may reach a satisfactory resolution.

The time has finally arrived for action on this issue. I congratulate President Ford and Attorney General Levi for their initiative in clearing the logjam and allowing constructive deliberations to move forward.

HEALTH CARE IN RURAL AMERICA

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of the Senate an article and an editorial from the March 1976 issue of Rural America.

"The State of Rural Health" and an editorial "Rural Medical Care" are two of the main articles devoted to health care in rural America.

The figures provided on the number of physicians in rural America dramatically demonstrate the less than adequate health care provided in rural areas. The national average of 768 people per doctor is less than one-third the ratio of residents per physician in nonmetropolitan areas with populations of less than 10,000 people.

The editorial suggests:

That we need a system of national health insurance is an overwhelming concensus, barred only by the social primitives, the vested interests (particularly doctors) and a mixed chorus of perfectionists, nostrum peddlers and "wait until we take care of everything elsers," plus those people who are always afraid that the "poor are going to eat up the seed corn."

That we have neglected rural America is hard to deny. Some of us have spent a great deal of effort in attempting to develop legislation which is helpful to the rural areas. In spite of sound rural development legislation, this administration has seen fit to give less than adequate attention to this urgent need.

The shift in population to the urban areas has reversed itself, but the Government has not yet seen fit to establish a new policy to deal with this reality. Our rural citizens are entitled to a decent life, and our programs and priorities should be altered to provide a better balanced treatment of our rural areas.

Mr. President, I ask unanimous consent that the referenced article and editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RURAL MEDICAL CARE

We devote most of the space in this month's edition of *ruralamerica* to rural medical care. We are reliably informed that there is a difference between medical care and health and that the former is only a part of the latter. That is not difficult to understand. We are urged from time to time to be clear that our main concern is health and not just medical care. We don't disagree with our urgers and in agreeing we think that most of the stuff we cover in this paper each month probably has more to do with the state of health in rural areas than do the articles in this month's edition that deal with the likes of health insurance, docs, and nurses.

For example, we ran a story last month about the lack of adequate water and waste disposal systems in rural areas and would conclude without one bit of scientific proof that that condition has more to do with an inordinate amount of gastro-intestinal disfunction in rural areas than does the fact that there is a shortage of doctors. And we could go on, like poor nutrition and infant mortality or bad housing and increased respiratory problems. So, for the purists, put it down that the future editions will deal with health care and this edition touches on some of those issues dealing with rural medical care.

First of all there is a problem when the only functioning medical system in the society requires that in order to get service you have to pay a fee. When fees get so high that even the middle class can't save for them a system of prepaying develops—like insurance. There is always someone around that spoils a good thing though, like the poor who can't afford insurance. Pretty soon insurance rates get pretty high and it gets rough for everyone. Senator Kennedy spoke from personal experience at the First National Conference on Rural America when he said, "We have the best health care in the world in the United States—but the problem is that it is reserved for the rich and the powerful people of this country."

That we need a system of national health insurance is an overwhelming consensus, barred only by the social primitives, the vested interests (particularly doctors) and a mixed chorus of perfectionists, nostrum peddlers and "wait until we take care of everything elsers," plus those people who are always afraid that the poor are going to eat up the seed corn. The so-called "health providers" may try to rip off more seed corn than the poor can hold, but that's another problem. Still, national health insurance has got to come and soon. And that it will, in one form or another, good or bad, there is little doubt. A good national health insurance program would do an enormous amount of good for many millions of people, including many of those who live in small towns and rural areas, but that program alone won't solve the problem caused by a shortage of doctors and other medical care providers.

There are some who glibly say that there is not a shortage of doctors, only a problem of maldistribution which will likely right itself if you let the forces of the market place run their course. Others don't go so far and call for some "incentives" to encourage doctors to move to rural areas and suffer quietly and richly. Still others advocate a sort of modest shakeup of the whole delivery system and call for physician assistants, paramedics, and nurse practitioners, backed up by a few doctors, to carry the burden of primary medical care in rural areas. The more we learn about the last the more we are convinced that it is not only the right and proper direction to go in medically underserved areas of the country, but nation-wide as well.

There are those who, having solved or abandoned how many angels can dance on the head of a pin, will now debate whether this is second class medical care for country people. They and others bemoan the demise of the good old country doctor who would make a house call, hold your hand, wipe your nose, and pronounce you well after a few days rest, a shot, and three pills two times a day. After seeing some nurse practitioners in action, it seems to us that they can do that and more, only better, and not expect to own three cars, a yacht, membership in the country club and a tax loss farming operation for the effort.

One certain thing is that when national health insurance becomes reality and when the government starts to deal with the provision of primary health care in underserved areas, unless rural people have done their homework and state their point of view in a loud and effective manner, they are going to be left out. Indeed, if you look at existing Federal medical programs, it is obvious that small town and rural people get left out in nearly every program or get far less than their numbers and their needs would require for fairness and equity.

There is only one way to reckon with these problems, and that is for rural people to have some watch dogs and some spokesmen in policing present programs and guiding future ones. Much of the discrimination against them is not deliberate. It just happens because nobody is watching programs and proposals with rural people and their needs in mind.

Rural America is hoping to assist in filling that void by forming an Advisory Council on Rural Health to provide continuing oversight, and perhaps, in September, to convene a small working conference to spell out in more detail what is required to give rural people access to decent medical care. If it interests you, look elsewhere in this edition for clues on how to become involved.

THE STATE OF RURAL HEALTH

Clearly, certain segments of our population find themselves in dire need of better health care. For a variety of reasons the general level of health in rural America is not good. There was a time when a few days in the bucolic countryside was considered to be the best tonic a person could take. The cities, on the other hand were viewed as unhealthy centers for disease, plagues, and every imaginable form of pestilence. That certainly may have been true of Medieval times, but no longer seems to be the case.

Infant mortality is an admittedly inadequate measure, but it is higher in small towns and rural areas than in the cities, and is alarmingly high among some rural blacks. According to a study done by Karen Davis for the Task Force on Southern Rural Development, black infants born in rural Mississippi have chances of survival comparable to those found among the newborn in developing "Third World" countries such as Uruguay.

SELF-ASSESSMENT OF HEALTH

How do rural people themselves assess their health? In a survey conducted by the National Center for Health Statistics (NCHS) in 1973, people were asked whether they considered themselves to be in excellent, good, fair or poor health. Rural residents were more likely than their city brothers to consider their health to be either poor or only fair. The disparity in the health assessment scores of nonmetropolitan and metropolitan people increases with the age of the person questioned. For example, about 37 percent of rural residents over age 65 have a negative view of the state of their health, whereas only 28 percent of the urban dwellers over 65 have a similar point of view.

These perceptions and attitudes seem to be substantiated by reality as measured by a higher incidence of a variety of chronic conditions among the rural population. They are more likely to fall victim to arthritis and rheumatism, asthma and emphysema, hypertension and heart disease, hearing and visual impairment, and the list could go on.

PREVENTIVE CARE

It's possible that the level of some of these chronic conditions could be reduced with preventive health care. Results from

the NCHS health survey mentioned earlier reveal that persons living in nonmetropolitan residents to have recently received any form of preventive care examination. Fewer routine physicals, fewer chest x-rays, glaucoma exams, electrocardiograms, fewer pap tests, or breast exams for women, eye exams, and so on.

DOCTOR DEATH

Although the relationship between preventive care and good health, and the numbers and accessibility of doctors is a bit cloudy; it cannot be denied that there are dramatically fewer doctors available in rural areas. The ones who are there are often difficult to get to.

In nonmetropolitan areas with the fewest people, there is one doctor for every 2,500 people. In the larger cities we find that there is one doctor available to serve every 500 people (see table).

RURAL HEALTH FINANCING

In sum, rural areas have higher levels of infant mortality, a higher incidence of chronic disease, less likelihood of preventive care, and fewer doctors. As if this were not a sufficiently gloomy prognosis, we find that our system of health care also fails to provide mechanisms to finance the care of rural people.

The Davis study referred to previously points out that rural residents are less likely to be covered by private insurance plans like Blue Cross-Blue Shield. Even those who are covered, have less comprehensive coverage than urban residents.

To make matters worse the government's public programs fail to fill the gap in private coverage. Davis says that although Medicaid is covering only half of all poor children nationwide, in southern states like Alabama, Mississippi, South Carolina and Texas no more than one poor child in 10 is receiving Medicaid services. Of the $11.3 billion Medicaid expenditures in 1974, over 40 percent of all the money went to three heavily urbanized states—California, New York and Illinois and an additional 30 percent went to 8 other, for the most part, urban states.

Furthermore, the other major public funding source, Medicare, also discriminates against rural areas. Although a disproportionate number of the program's target constituency, the elderly, live in nonmetropolitan areas, the reimbursement levels for services performed are set higher in the cities. Consequently, urban doctors can expect to make money for doing the same amount of work if he is practicing in the city.

1910 REVISITED

The furor surrounding the "urban crisis" in recent years may have tended to obscure the fact that rural people have health needs. They have been easy enough to ignore or forget. This is nothing new. It is true of housing, transportation, and in other areas where the media has chosen to focus our attention solely on the problems of the city.

It has been pointed out that this tendency dates back at least as far as 1910. This was the year that Theodore Roosevelt's Commission on Country Life issued its report which contained the following comment regarding rural health. "Theoretically, the farm should be the most healthful place in which to live"—but alas, "it is a fact that . . . health conditions in many parts of the open country . . . are in urgent need of betterment."

Population-physician ratios, 1973

	Population per Physician
Total	768
County population, Nonmetropolitan:	
Less than 10,000	2,512
10,000–24,999	2,040
25,000–49,999	1,432
50,000 or more	1,100
Metropolitan:	
Potential metropolitan	1,095
50,000–499,999	835
500,000–999,999	747
1,000,000–4,999,999	623
5,000,000 or more	511

NATIONAL HEALTH POLICY AND OLDER AMERICANS

Mr. BAYH. Mr. President, the problems facing older Americans are complicated and of concern to us all. Many elderly people are in ill health; many are poor; many are isolated from friends, family, or the opportunity to live constructive, happy lives.

Recently, Mr. Joseph L. Falkson, a senior research associate at the University of Michigan School of Public Health, and Prof. Solomon G. Jacobson, a specialist in gerontology at the University of Michigan School of Public Health, forwarded to me an excellent paper which they coauthored entitled "National Health Policy and Older Americans." They were assisted in the preparation of the paper by two students, David Ward and Albert White.

Their analysis of the health problems confronting elderly Americans is perceptive and thought provoking. The paper is particularly worthwhile because it calls to our attention the fact that good health is but one of the components necessary to guarantee a meaningful life to every elderly person. I believe that Messrs. Falkson and Jacobson's observations and recommendations merit serious consideration, and I ask unanimous consent that their paper be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

NATIONAL HEALTH POLICY AND OLDER AMERICANS

Health is not just the absence of illness. It is also the reduction of stress and pressures which interfere with normal living. For the older American, this means reducing the fears associated with disabling illness, inadequate health care, unsafe neighborhoods, and lack of good food, housing, and transportation. The well-being of the retired person is closely connected to the provision and maintenance of a healthy and secure environment.

HEALTH PROBLEMS FACING OLDER AMERICANS

Old age and ill health do not always go together. In fact, only a small minority of all older Americans require the constant care and attention of long-term institutionalization or home care. The overwhelming majority lead productive, and above all, independent lives. Chronic ailments, such as arthritis or high blood pressure, which affect many older persons, are discomforting; but they do not necessarily limit the ability of older persons to lead full, productive lives. While the Federal government cannot guarantee that all our older citizens will be free from ailments, it can and should do its best to prevent disease and assure, when necessary, both good medical care and effective rehabilitation.

There are certain biological changes which reduce an individual's physical reserve capacities as he gets older. For example, functional loss in the kidneys and muscle mass loss are gradual physical changes that accompany aging. These changes are normal conditions, but they may decrease the older person's capacity to quickly recover from illness. Infections, injuries, and chronic disease can have a much greater debilitating effect as people grow older.

If adequate supportive health and medical services are made available, the impact of illness upon the aging body is greatly lessened. Older Americans can stay healthier and lead more active lives. In short, our society must provide a full range of health-related services for all aging individuals so that they can keep their independence and health.

The vitality and resourcefulness of older Americans is obvious. In spite of decline in biological reserves, the vast majority of older individuals manage to maintain physical independence. Approximately 80 percent of persons over 65 suffer from one or more chronic diseases and conditions, whereas 40 percent of all persons under 65 are similarly affected. For example, 33 percent of the aged have arthritis or rheumatism, 22 percent have hearing difficulties, 17 percent have heart diseases, and 15 percent have visual difficulties. With age, the balance between physical independence and submission to illness becomes more delicate. Older age often becomes a struggle for survival. A well-coordinated system of health maintenance services can shift this balance in favor of health.

Certain characteristics of the present medical care system threaten the health of older persons. Historically, medicine has been oriented toward the more acute diseases of childhood and earlier adult years. Developments in the field of medicine during the past 50 years have dramatically increased the proportions of the population living to older age. The medical care system has inadequately adapted to the growing needs of this group of the population. Insurance coverage emphasizes hospital care which is often inappropriate for paying the costs of chronic disease care. Alternatives to nursing home care are few and poorly funded. Even many medical care providers are not aware of the differences between illness and normal aging.

In a recent survey commissioned by the National Council on Aging, between one half and three-quarters of interviewed physicians incorrectly classified several preventable ailments as normal conditions of aging. Furthermore, medical professionals often have been short-sighted in their assessment of the most effective measures to improve the population's health.

Medical care is only one of several kinds of health services which, together, protect independent living during older age. Inadequate resources have been committed to the broad range of health problems which confront the aged. In a study covering different areas of the country, nutritional problems were ranked the most outstanding of 18 threats to older-age health. Housing and other environmental conditions result in more fatalities than pneumonia and diabetes. In addition, accidents produce many days of restricted activities and hospital care. Difficulties associated with public transportation prevent access to medical care, food supplies, and other people. The importance to mental health of social relationships, religious participation, and recreational activities has been underestimated. Finally, protection of personal property and rights can also make positive contribution to older persons' physical, mental, and social health.

From this survey of the health needs of older Americans, two things are apparent. First, most of the health problems of persons over 65 are not due to the aging process itself. Rather, they suffer from the physical and social insults which their environment casts upon them. Second, Federal policymakers must address the entire range of health problems presently faced by older Americans.

In general, our society is doing a reasonably good job in seeing to it that the vast

majority of Americans reach retirement and old age with every prospect of continuing health and productive lives. However, the quality of life for older Americans living in retirement depends on a number of important considerations:

Older Americans must be provided opportunities to maintain their health through healthful living. This means sufficient income to maintain adequate nutrition levels and decent, safe housing which is free from accident-producing hazards. It also means the maintenance and improvement of neighborhoods which have a high proportion of retired residents.

Older Americans would benefit especially from broader implementation of the community improvement and environmental protection programs which enhance the quality of life for all Americans.

Older Americans must be provided appropriate diagnosis and treatment for both chronic and acute ailments.

Older Americans must be given the opportunity to maintain active and productive lives that will contribute to their social and mental well being.

We must examine our current policies and programs and take positive action. The stakes are high—the health, happiness, and independence of older Americans.

LIMITATIONS OF CURRENT POLICIES AND PROGRAMS

Current policies and programs for older Americans fall far short of realizing the goals of maintenance of the health of the well elderly and provision of appropriate care for those older persons with treatable, chronic conditions.

1. Health care for older Americans is too expensive.—Since its inception in 1966, the out-of-pocket costs of Medicare have increased dramatically. Presently, an older American must pay the first $104 of hospital stays plus $26 of the daily cost from the 61st to the 90th day. Under Part B, the voluntary physicians' payment plan, the out-of-pocket cost is $6.70 per month, or $80.40 annually.

Bearing these costs are particularly difficult for older Americans who live on fixed incomes. President Ford recently proposed to force our older citizens to bear an even larger out-of-pocket share of Medicare expenses. If the President has his way, he will increase the $104 deductible for hospital stays by 10 percent and the $80 premium for participation in the physicians' services plan by 10 percent, with maximum out-of-pocket costs of $500 and $250 respectively. A new catastrophic illness feature would be added so that no older American would pay any expenses that exceeds $750 annually.

President Ford's plan is deceptive in that the number of people it would help is far smaller than the number it would burden with higher medical bills. Only one half of 1 percent of the people who use Medicare would benefit from the President's innovation because few of them stay in the hospital long enough to run up huge bills. This is nothing more than a thinly disguised plan to force the elderly who face short-term hospital stays to pay an even larger share of their own medical bills.

2. The allocation of health care resources for older Americans is weighted heavily towards institutional and physician care without enough emphasis on prevention and rehabilitation. The prevention of illness and disease is difficult to measure and frequently neglected in discussions of the health of the older American. While the meals provided under Title VII of the Older Americans Act and the Food Stamp program both provide a basis for the prevention of illness through proper nutrition, they are only a starting point and serve but a fraction of the elderly faced with malnutrition.

Since older Americans remember when going to the doctor meant serious trouble and high cost, they are sometimes reluctant to seek periodic medical examinations and diagnosis of specific symptoms. We must provide an expanded range of educational programs to equip each older American with proper information needed to take preventive measures. In many areas, health screening would provide a useful method of identifying those persons requiring medical care. However, diagnosis of an ailment may not lead to treatment of that ailment unless a coordinated treatment system is established to serve all older Americans, regardless of their income.

After an illness, the older person may take longer to recover. Special attention should be given to rehabilitative services. These services become especially important for the person with a chronic ailment who may need special training or devices to make the best use of his remaining faculties. While the human body has the ability to adapt to many stresses, the services of rehabilitation specialists ease the adjustment process.

3. Reliance on hospitalization and nursing home care is costly and inappropriate for large numbers of older Americans.—While not more than 10 percent of the elderly require long-term confinement in hospitals, institutions, or at home, most Federal dollars go toward the purchase of hospitalization and institutionalization in extended-care facilities. In Fiscal Year 1974, 77 percent of Medicare expenditures went to hospitals and another 2 percent went to nursing homes. A significantly larger percentage of Medicaid expenditures, 20 percent, went for nursing home services. But only about 1 percent of Medicare and Medicaid expenditures went toward the purchase of home health care and preventive services.

The emphasis on hospital-based and nursing home services reflects our society's general preoccupation with illness and disease and lack of interest in health maintenance. The nursing home emerges as a particularly limited option. Recent studies have shown that about 35 percent of those older Americans placed in extended-care facilities could have been appropriately maintained in outpatient settings. The excessive and unnecessary placement of large numbers of our senior citizens in nursing homes is the most tragic consequence of our failure to provide meaningful alternative health care options for older Americans.

We have a great resource, our older Americans, most of whom are alert and active citizens. Their main desire is to maintain their vitality and independence, not to be placed in nursing homes only because community supportive services, such as home care, are unavailable. Much more effort must be made within our local communities and neighborhoods to create those support services which will enable the elderly to maintain themselves at home while overcoming temporary difficulties.

4. Federal policies that do promote alternative health service options to institutionalization—notably Title XX of the Social Security Act—possess eligibility requirements that arbitrarily limit the access of all older Americans to these services.—Title XX of the Social Security Act has such a complicated eligibility formula that it is quite possible for many older citizens to receive only piecemeal and fragmented services expressly designed to keep them out of long-term care institutions. An older American whose income exceeds the upper eligibility limit (i.e., 115 percent of the state's average income) by merely one dollar may be totally excluded from all available Title XX services. Furthermore, persons entitled to receive homemaker services under Title XX may be ineligible to receive pharmaceutical services under Title XIX, Medicaid, because they make too much money. Other examples of this kind of arbitrary exclusion are in abundant supply.

In short, Federal programs for the elderly are a patchwork of contradictory and conflicting eligibility requirements built around the irreconcilable principles of welfare, social insurance, and ability-to-pay. Many older citizens are wrongly excluded from vital services because a particular benefit falls within the jurisdiction of an eligibility principle that arbitrarily excludes them.

Federal policy should stimulate comprehensiveness and continuity of service, not fragmentation of care and exclusion of needy older citizens through confusing eligibility requirements. While those older citizens earning low or no income should continue to be entitled to the full range of services currently mandated, the right to participate should be extended to all income levels on a fee-for-service basis, scaled to ability-to-pay. This would enable all older Americans to benefit from a broad range of health care services and create new patterns of alternative services which would reduce unnecessary and costly institutionalization.

5. The quality of nursing home care is threatened by the lack of effective enforcement of existing state licensure laws.—While state nursing home licensure laws have become progressively more comprehensive, these laws are very loosely enforced. The nursing home industry should not be permitted to circumvent quality controls for long-term care. Rather, the industry should be encouraged strongly, if not mandated, to work cooperatively with governmental agencies to establish high quality standards for nursing home residents.

GOALS FOR A NATIONAL HEALTH POLICY FOR OLDER AMERICANS

Our national goals for the health of older Americans should emphasize the following:

1. Maintain the continuous health and well-being of the well elderly through appropriate health maintenance, prevention, early diagnosis, treatment, and rehabilitation.

2. Provide treatment opportunities for the chronic ailments of the elderly which maximize their independence, avoid unnecessary institutionalization, and minimize costs.

3. Those older Americans requiring long-term care should have access to the most appropriate levels of care. Each individual's need for further institutional care should be strictly monitored. We should provide opportunities for short-stay institutionalization and other more appropriate alternatives, such as outpatient and home health care.

4. Utilize Federal purchasing power—primarily through Medicare, Medicaid, and Title XX of the Social Security Act—to promote a broad array of health care options for older Americans. The Federal Government should focus greater attention on the development of and payment for alternative services to long-term care. The medical profession must be persuaded, through incentives and regulations, to attempt to place patients in settings which are the least restrictive, such as home health care, before placing persons in nursing homes.

5. Federal standards for institutional providers must be vigorously enforced to eliminate nursing home abuses. The encouragement of citizen advocacy groups and ombudsmen programs could help assure that standards for better care are maintained.

6. Harsh, even punitive, aspects of the Federal entitlement programs must be eliminated. Income and savings should not be dissipated paying for extended long-term care. Yet, under present Federal law, the only way older Americans can receive aid in meeting their extended long-term care needs is to use up their savings, sell their homes, and accept the indignity of permanent poverty in order to gain eligibility for Medicaid assistance.

7. Similarly, the better off, middle- and even upper-income elderly should not be denied access to Federally-sponsored programs under the Social Security Act because

of arbitrary income restrictions. Older Americans who can afford to pay out-of-pocket fees for these services would be only too happy to contribute something toward these programs. Surely, they should not be denied access to vital community services because they have money. Older Americans require these services whether or not they are poor. It is wrong to tie such vital programs as community centers, transportation, or nutrition programs to arbitrary income levels that inequitably distribute these services across needy populations. Those who cannot pay something for services should be fully covered. Those who can pay should contribute according to their means. No older American should be denied access to these supportive health services.

8. Reduce the fragmentation of health services by providing positive incentives—through grant and reimbursement programs—for the creation of unified delivery systems.

In the last analysis, however, the Federal government cannot solve all of the health problems facing older Americans, even if it were doing everything right, which, of course, it is not. There are a number of steps which citizens working at the local level should take to ease the health burdens of older citizens:

1. We can join with our relatives, friends, and neighbors to make sure that services are available which support the frail older person, such as friendly visits, escort services, and telephone reassurance. These services are inexpensive and can be run by community-based non-professionals.

2. We can work with our unions and employers to assure that retired workers receive adequate pensions and well-rounded programs of medical benefits.

3. We can participate in area-wide planning efforts to gather data about our area and help plan for improved service delivery for older residents.

4. We can encourage our local units of government to use revenue sharing funds to help maintain and improve the neighborhoods which contain older residents so that they can live their retirement years in a healthful environment.

Our goal must be to work together for independence and good health in later life. We will all eventually benefit from the creation now of the type of society which makes living to be old a gratifying experience.

REMOTE IMAGERY SUPPORT FOR INTERNATIONAL ORGANIZATIONS

Mr. HUMPHREY. Mr. President, I recently chaired hearings for OTA's Technology Assessment Board. A significant part of these hearings dealt with the role of advanced technology, especially remote sensing, in food and agriculture information systems.

A paper presented at the 1975 annual convention of the American Society of Photogrammetry provides useful background to a balanced appreciation of the role of this technology. The paper, prepared by Dr. William Harris, notes that the remote sensing support for international organizations must consider: First, superiority of multilateral exploitation; second, fair price; third, declassification consistent with protection of intelligence sources and methods; and fourth, nondiscriminatory access by affected States. Some experts are optimistic that this technology is capable of being used on a continuous operational basis. Others feel that more experimentation and cost-effective studies need to be undertaken.

As Dr. Harris notes, the experimentation phase of using this technology may very well have passed. He quotes from an old recipe book that says, "Let it stew over a slow fire till half is wasted." Mr. President, today we do not have the luxury of letting technology stew over a slow fire by continuing in the limbo of experimentation. It seems to me that now is the time to try to move this experiment to an operational mode. Let us fully explore the potential of this technology and take the steps to overcome existing obstacles.

I ask unanimous consent that Dr. Harris' paper be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

REMOTE IMAGERY SUPPORT FOR INTERNATIONAL ORGANIZATIONS

(By William R. Harris*)

California

Mr. Chairman, Ladies and Gentlemen: My brief remarks this morning address the topic of remote imagery support for international organizations, which necessarily raises the related issues of program integration, program financing, data declassification, and protection of "national means of verification" required under international arms control agreements. What I say reflects my personal views, not those of The Rand Corporation or any research sponsor.

A fitting definition of "remote"—found in Webster's Third International Dictionary—to be "located out of the way,"[1] helps explain in Herman Melville's phrase, "a mob of unnecessary duplicates . . ."[2]

Starting with the presumption that there are no embarrassing questions, only embarrassing answers, one may ask what progress has been made since the public report in July 1973 of the Federal Mapping Task Force[3] to end [quote] "disturbing proliferation and duplication of activity . . ." and to provide [quote] "advanced technological capability to the mapping community . . . ?"[4]

If there is still a [quote] "disturbing proliferation and duplication of activity," and [quote] "development of expensive systems for civilian use that cannot compete in any meaningful way with DOD-developed techniques," as stated by the Federal Mapping Task Force in 1973,[5] then the provision of appropriate remote sensing support for international organizations requires both development of international organizational capabilities to exploit imagery and reform of the institutional structure by which remote sensing capabilities of the U.S. Government can be made available to international organizations.

Among the criteria to be applied in considering remote sensing support for international organizations I would include the following:

First, to the extent compatible with other criteria, national remote sensing capabilities should be made available to international organizations where either the product of multilateral analysis or the process of multilateral exploitation is superior to solely national means of exploitation. For example, multilateral participation in global population or commodity forecasts may stimulate corrective policies more than access to unilateral national forecasts.

Second, national remote sensing capabilities should be made available at a fair price in money or offset services, generally not less than the marginal cost of providing access to remote sensing facilities or products. There may be situations—for example, provision of imagery for mitigation of natural disasters—where a donation of remote sensing services would be appropriate, just as there may be situations where research and development and other nonrecurring costs should be included in the calculation of prices for access to remote sensing readout channels—for example, where capabilities developed at considerable expense to U.S. taxpayers are extensively utilized by foreign customers without substantial nonmonetary benefits accruing to the United States. Pricing alternatives for commercially useful technology of the National Aeronautics and Space Administration were studied at Rand in 1974.[6] Optimal pricing practices may depend upon the price-elasticity of demand and the distribution of benefits, but in general charging at least the marginal cost of a service minimizes the risk of wasteful utilization—as with national intelligence which has been provided as a "free good," with consequential overtasking of national intelligence producers.

Third, national remote sensing imagery should be made available on an unclassified basis to the fullest extent practical, consistent however with the protection of "intelligence sources and methods"—in the United States a responsibility of the Director of Central Intelligence under the National Security Act of 1947.[7] To the extent that imagery, and other remote sensing data cannot be made public, to protect as an incremental margin of intelligence capabilities the "national technical means of verification" recognized in the SALT agreements,[8] the products of such remote sensing should be made available on an unclassified basis to the fullest extent practical, and where not practical, such compartmented products should be made available to a sufficiently large set of relevant domestic agency officials, who in turn may find opportunities to exchange information with international organizations.

Fourth, national remote sensing of foreign states provided international organizations should be made available to the states which are the subject of coverage at nondiscriminatory prices, or in return for offset services. A foreign state—for example, Brazil, which has objected to third state distribution of natural resources data from remote sensing—should receive timely notice and opportunity to purchase such remotely obtained imagery as is made publicly available to an international organization. Alternatively, as has occurred with the Inter-American Geodetic Survey, a state should be able to provide services-in-kind, as by assisting with place-names in joint mapping programs.

Some would argue that application of

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* This paper was presented before the 1975 Annual Convention of the American Society of Photogrammetry—American Congress on Surveying and Mapping, Washington, D.C., March 14, 1975.

[1] 1961 edition, p. 1921.

[2] *Moby Dick*, Chap. 41, p. 107.

[3] Executive Office of the President, Office of Management and Budget, *Report of the Federal Mapping Task Force on Mapping, Charting, Geodesy and Surveying* (July 1973).

[4] Ibid., pp. i, iv.

[5] Ibid., p. 7.

[6] C. Wolf, Jr., W. R. Harris, R. E. Klitgaard, J. R. Nelson, and J. P. Stein, with assistance of M. Baeza, *Pricing and Recoupment Policies for Commercially Useful Technology Resulting from NASA Programs*, R-1671-NASA, The Rand Corporation, Santa Monica, California, January 1975.

[7] 50 U.S.C.A. § 403(d)(3) (1970 ed.) See *U.S.* v *Marchetti*, 466 F.2d 1309 (CA. 4, 1972); *Knopf* v. *Colby*, — F.2d — (C.A 4, 1975).

[8] See the Interim Agreement . . . With Respect to the Limitation of Strategic Offensive Arms, Ar V(2); ABM Treaty, Art. XII(2).

these four criteria—superiority of multilateral exploitation, fair price, declassification consistent with protection of "intelligence sources and methods," and nondiscriminatory access of affected states to remotely obtained imagery describe a null set—that national exploitation, with or without bilateral intelligence exchanges, is better; that the fair price of most imagery would inhibit access by financially weak international organizations, bearing in mind Werhner von Braun's observation that "we can lick gravity, but sometimes the paperwork is overwhelming"; that declassification is *per se* inconsistent with protection of "intelligence sources and methods," or that access by affected states would exacerbate problems in the operation of remote imagery systems.

Substantial opportunities for economic savings and substantial fears of jeopardy to verification systems for arms control are raised by the issue of declassification. The subject is, paradoxically, one which cannot be fully discussed *a priori*, but in testimony before the Commission on the Organization of the Government for the Conduct of Foreign Policy known as the Murphy Commission, the Director of Central Intelligence, Mr. Colby, noted:

"In the past some systems, such as the U–2 aircraft, have been used to support snowpack studies in the American west and to photograph hurricane, earthquake, and flood damage for national emergency relief and economic planning purposes." [9]

On the basis of the past proceedings of the Murphy Commission's Intelligence Panel, it is my personal opinion that some considerable declassification measures are both possible and desirable, so as to assure that imagery products are publicly available, consistent with appropriate protection of "intelligence sources and methods." The Environmental Photointerpretation Center of the Environmental Protection Agency serves as one example of an organization which is exploiting imagery for planning purposes. But without appropriate declassification, imagery support of international organizations will be impeded.

When remotely derived imagery is obtainable from unclassified or declassifiable sources, the National Aeronautics and Space Administration or other imagery exploiting agencies may enter into cooperative arrangements with international organizations.

If, however, imagery available to a member-agency of the United States Intelligence Board may not be fully declassified without jeopardizing "intelligence sources and methods," there remains the possibility that a report derived from the exploitation of that imagery may appropriately be declassified.

But in the course of the Murphy Commission's review of governmental organization for the conduct of foreign policy, it became apparent that no member-agency of the United States Intelligence Board interpreted its organic charter as imposing a duty to support the informational needs of the Secretariat of the United Nations, U.N. specialized agencies, or regional organizations such as the Organization of American States. Without designation of specific responsibility within a member-agency of the United States Intelligence Board, the flow of U.S. imagery exploitation to international organizations may be *both* whimsical—perhaps a quick decision of the Secretary of State—and infrequent. Both to assure systematic review of imagery for sharing with international organizations and to protect "intelligence sources and methods," it would appear prudent to designate the Bureau of Intelligence and Research in the Department of State as the liaison agency of the U.S. Intelligence Board for sharing of intelligence-related imagery with international organizations.

The Secretary-General of the United Nations has a duty, under Article 99 of the U.N. Charter, to bring to the attention of the Security Council threats to international peace and security. But he does not have the informational resources at hand. Would not the debate in the United Nations be enhanced in its relevance and timeliness by some modicum of imagery support by member states to the Office of the Secretary-General, perhaps as a service-in-kind allowable as a portion of the financial dues of contributing member states?

A recipe for remote sensing which is seasoned judiciously with declassification ought to improve upon Mrs. Glasse's recipe for gravy soup in her treatise on *Cookery* in the year 1747: "Let it stew over a slow fire, 'til half is wasted."

Even with broader public availability of imagery products, one should not assume that either nation states or international organizations would be immediately prepared for substantial exchanges of remotely derived imagery. But the objective of broadened imagery support for international organizations should be kept in mind, alongside Victor Hugo's observation:

"Knowing exactly how much of the future can be introduced into the present is the secret of great government."

[9] Statement of the Director of Central Intelligence, Willim E. Colby, November 7, 1973, Commission Document 200982.

THE SOLAR ENERGY ACT OF 1976

Mr. McGOVERN. Mr. President, for the past 3 years we have heard a great deal of talk about our urgent need to break away from our dependence on unreliable supplies of expensive and nonrenewable energy sources.

Time and again, the Ford administration has informed us that if we are to sustain our economy, we must permit the oil industry to extort OPEC-level prices from the public for domestic oil and gas, much of it produced on public lands. We are told that we must permit wholesale strip mining in the West and that we must do so without adequate environmental controls.

There is no question that we shall require fossil fuels in substantial quantities for a long time to come, but there is growing doubt that nuclear power can provide an acceptable substitute. Although breakthroughs in harnessing fusion may someday erase these doubts about nuclear technology, I believe that our most prudent course should be to proceed on the assumption that the national interest requires serious investigation of the whole range of energy alternatives.

For this reason, I am pleased to be a cosponsor of the Solar Energy Act of 1976. The Senator from Minnesota (Mr. HUMPHREY) deserves our congratulations for this imaginative but pragmatic legislative initiative.

Mr. President, the demonstration projects authorized by this bill will permit us to evaluate methods of deriving energy from the Sun, the ocean, the wind, and from organic wastes. Instead of waiting for alternative energy technology to somehow appear, this legislation will permit us to move ahead now. It will cut the lead time for introducing new techniques and it will help us to avoid enormously expensive crash programs in response to future energy emergencies.

Another very attractive aspect of the bill is that it includes provisions for substantial small business participation in developing these alternative energy technologies. This, I believe, is most important because it assures that Federal funds will not be used solely to strengthen the big corporations in the energy marketplace. It makes little sense, for example, to rely on companies which have major investments in nuclear energy to develop competing sources. There is every reason to believe that such companies will take steps to protect their prior interests.

The small businessman, on the other hand, will have every incentive to produce a working device at a reasonable price. Unlike a manager in a large corporate enterprise, the small businessman has no institutional inertia to combat. He must innovate to survive and he must be sure that he has a good product before he can afford to go ahead.

Mr. President, the small businessman, like the independent farmer, is fast becoming an endangered species in this country. I welcome this opportunity to give the smaller concerns a chance to show that American ingenuity is very much alive.

JOINT ECONOMIC COMMITTEE HOLDS HEARING ON EMPLOYMENT OUTLOOK

Mr. HUMPHREY. Mr. President, as part of the Joint Economic Committee's annual hearings on the Economic Report of the President, the committee held a hearing on March 4 to review the employment outlook.

The prospect of a continued high rate of unemployment is intolerable. Today, the economy suffers from a strange combination of unused labor, unused capital, and unused plant capacity.

The committee heard testimony from two leaders of organized labor, Mr. Murray H. Finley, general president of the Amalgamated Clothing Workers of America, and Mr. Robert Georgine of the AFL–CIO Building Trades Department. We also heard testimony from two distinguished labor market economists, Dr. Barbara Bergmann of the University of Maryland and Dr. Charles Killingsworth of Michigan State University.

Mr. Finley pointed out that although the official unemployment rate is 7.6 percent, the true unemployment rate, when one considers those people who have become discouraged and left the labor force and those workers who are working part time but want to work full time, is really closer to 10.6 percent. He emphasized that there "is no possibility of real improvement in living standards for employed people unless there is work enough for all."

Mr. Georgine stressed that the construction industry unemployment rate is a "staggering 15.4 percent, double the national average." He emphasized that this figure is only an average and that many areas of the country have an unemployment rate among building trades workers closer to 30 percent. Both Mr. Georgine and Mr. Finley presented the

economic recommendations of the AFL-CIO executive council.

Mr. Georgine also dismissed the common idea that the increase in housing costs is primarily a result of an increase in labor costs. He emphasized that "in 1949, the on-site labor costs were 33 percent of the total cost. In 1975, the on-site labor cost was 15 percent." He stressed that this is a decrease in on-site labor costs of over 50 percent.

Dr. Bergmann emphasized a series of remedies which would help reduce the intolerably high rate of unemployment. She suggested a broad spectrum of policies to reduce unemployment which include countercyclical aid to the cities, public works jobs, and a cut in the payroll tax. She stressed that the major answer to the cry for welfare reform is "to get the labor market reformed" so that those who can work will work and get paid for it.

Dr. Killingsworth, who has done considerable analysis of the labor market, has found that three-fourths of the workers who exhausted their unemployment benefits in late 1974, were still unemployed 4 months later or had become discouraged that they had left the labor force. As a result of his analysis he stressed that there are many unemployed Americans who have had their unemployment compensation, the first line of defense against unemployment, run out but these people are not destitute enough to receive welfare. He emphasized that "if the second line of defense against unemployment is welfare, then there is a big no-man's land between the first line employment and the second line."

Mr. President, I ask unanimous consent that the formal statements of Mr. Finley, Mr. Georgine, and Dr. Killingsworth be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF ROBERT A. GEORGINE

It is an honor to have this opportunity today to appear before the Joint Economic Committee.

I feel privileged to be in such distinguished company with my colleagues here on this panel. I would like to submit for the record today an all-encompassing statement on the Profile of the Construction Industry in America in 1976. I have confined my remarks to a few observations and highlights from this more extensive report that I am submitting.

Last year, on March 19, before this very Committee I started my statement by saying, "America is in a depression. When the unemployment rate is 8.2 percent, representing nearly 7.5 million people without jobs, it is time that the Administration stopped fooling itself and trying to fool the people. It is time that appropriate policies be adopted to reverse the decline; time for measures more immediate and far-reaching than any the Administration is contemplating."

The Building Trades Department proposed an affirmative action program, including tax cuts, allocating credit, expanding the money supply, lowering the interest rates, releasing impounded funds, and launching public works programs. Every word of my statement applies with equal force today.

Never before in our history has our economy been so poorly managed. Economists have even been prompted to come up with a new word to describe our economic plight. The word they hit upon was "stagflation." It simply means that we are in a period of high inflation at the same time we are mired in a crippling recession. This kind of economic mess is unprecedented in the history of our Nation.

During the Nixon Administration, we witnessed an inflation that ravaged the economy and brought hardship to every working man and woman. Prices for food, clothing, housing, gasoline and virtually every other product needed by the American consumer skyrocketed.

Housewives have been forced to buy cheaper cuts of meat, less expensive produce, and cut back on all other parts of the family budget in order to survive economically. Little did the working people of this country know, as they were making these sacrifices, that this Administration's apparent solution to inflation was to create a recession which, we know by now, did not halt inflation. The cure turned out not only to be worse than the disease, but the disease didn't go away either. Today we have both high prices and high unemployment. The Administration keeps assuring us that the economy is beginning to turn the corner, that it's about to improve, but it is abundantly clear that the economy is not turning around, but appears to be worsening. Because of this, millions of American families find themselves struggling with inflation at the same time they are out of work, or cut back in hours. It is a devastating situation.

In the face of this huge loss of revenue for the government and, in the face of the untold human suffering because of the recession, the Administration's policies seem all the more misguided and thoughtless. For instance, recently the President vetoed a public works bill. This bill, which would have created some 600,000 jobs, was passed by substantial majorities in both Houses of Congress. Yet the President vetoed it on the grounds that it was an example of excessive spending. It is clear that his veto was dreadfully shortsighted.

First, there is no evidence whatsoever that deficits in a recession are inflationary.

Second, with nearly 8 million American people out of work, this program was vitally needed to involve people in summer youth work, public works and other similar jobs.

Third, this bill would have removed people from the unemployment rolls and placed them in jobs. It would have been good for their morale, good for the morale of the country, and good for the economy. These people would have been wage earners again, active participants in the economic recovery of this nation. Now that chance is lost. The President's veto of the jobs bill was a clear example, if any more are needed, that his economic policies are not geared to the needs of the working families of this country.

The same can be said of other Administration decisions, such as the proposal to raise the cost of food stamps. This would have brought undue hardship to the elderly and the poor.

The Administration, either by its actions or by its inaction, seems not to care deeply about what happens to the elderly, the poor and the working people. If that is not the reason, then the Administration is so poorly managed that it cannot devise a policy which will control inflation and restore full employment.

Look at the Consumer Price Index over the past few years. This is our best indicator of prices. Between January 1961 and January 1969, the index increased an average of 2.4 percent a year. The price of food during this period increased only 2.3 percent a year.

Now compare those figures, which were recorded for the Kennedy/Johnson years, to the increases during the Nixon/Ford Administrations. From January 1969 through January 1975, the index rose 7.7 percent a year. The price of food alone rose an astonishing 10.2 percent. Every major item in the index rose, on the average about twice as fast as it did under the Kennedy/Johnson Administrations.

It isn't that our economic situation is beyond control. Rather, it appears that the Nixon/Ford Administrations actually devised policies which encouraged this inflation. Remember the Russian wheat deal, which some now call the "great grain robbery." Because we shipped so much grain to the Soviets—at too low a price—serious grain shortages in this country resulted. This caused sharp increases in the price of many grain products, poultry and meat. Under the Nixon/Ford Administrations, the price of one pound of bread has increased by 300 percent.

Of all industries who have suffered under the Nixon/Ford years none have suffered as much as the construction industry.

Beyond doubt, the construction industry has borne an unfair and disproportionate burden in the Administration's discredited policies.

In short, the construction industry—the Nation's largest industry—its bellwhether of prosperity—has been the victim of a reckless course of governmental action, designed to halt inflation, which has not only failed to bring inflation under control, but has brought the entire economy to the brink of a depression.

Unemployment is rampant. While the overall unemployment figure is nearly 8 percent, the construction industry unemployment rate is a staggering 15.4 percent, double the national average.

The construction industry has been laboring under double-digit unemployment for 22 consecutive months.

These figures, however, are only an average. They do not fully portray the enormity of the problem.

In Detroit, for example, unemployment is 27 percent, the bricklayers are 30 percent, laborers 35 percent and painters 55 percent unemployed. In Rochester, New York, unemployment is 49 percent. The engineers 60 percent, painters 70 percent and lathers 55 percent unemployed. I could go on—Cleveland 27 percent, Chicago 27 percent, Boston 28 percent, San Diego 27 percent, Philadelphia 34 percent and Bridgeport, Connecticut 37 percent.

I have attached a chart which lists unemployment by crafts in a random sample of cities.

Unemployment is also a lengthening problem. The number of construction workers idled for twenty weeks or more is over 200,000.

Underemployment is an equally grave problem. The results of a recent survey conducted by the building trades Department indicate that an additional 15 percent of those fortunate enough to still be working are working shortened hours.

High construction unemployment is a tremendous cost to the entire economy. Because of high unemployment, the deficit of the Federal Government and Federal agencies will be well over $50 billion in 1977. The large deficits we have been experiencing are attributable to the depressed economy and not to irresponsible and wasteful spending. When people are out of work, federal spending on unemployment compensation, food stamps, welfare and other income support programs spirals quickly. Such increases are recession-related. At the same time, and in even larger measure, tax measures fall. Thus, recessions are a cause of big deficits. If the unemployment rate were at the 3.6 percent level of 1968 we would have a budget surplus of over $9 billion in fiscal 1977, rather than the $54 billion deficit of the Ford budget (including Federal agencies). The President's budget projects that if we had a 4 percent rate of unemployment we would have a $3 bilion "full employment" surplus in 1977.

The human cost of unemployment is incalculable and cries out for attention.

For all, unemployment is a constant, demeaning, ego-eroding worry.

We believe that, as in the past, the construction industry, if only given the chance, can lead this nation out of the recession.

This country will not come out of a recession until the construction industry does.

We call upon the Administration and the Congress now to respond to our program.

First, congress must act to prevent a rise of withholding tax rates on paychecks—now scheduled for July 1, 1976.

Second, the government's housing programs need to be fully implemented, with sufficient funds, to boost residential construction and prevent the further spread of today's housing shortage.

Third, congress must direct the Federal Reserve system to provide sufficient growth of the supply of money and credit at reasonable interest rates to promote rapid expansion of the economy and job opportunities. Lower interest rates are absolutely essential to revival of the depressed housing industry in particular and construction in general. Congress should also direct the Federal Reserve to allocate available credit for such high-priority purposes as housing, state and local government needs and business investment in essential plant and equipment while curbing the flow of credit for land speculation, inventory-housing and foreign subsidiaries.

Fourth, we call upon the Congress to launch immediately a vigorous public works program. This goal could be attained by increasing appropriations for existing programs and by passage of a new accelerated public works program.

Fifth, we call upon the Congress to develop a rational environmental procedure instead of the present crazy quilt pattern. The Building Trades Department supports fully the notion of a safe and healthy environment both on the job and in our society in general. For example, we vigorously supported the strip mining legislation containing environmental safeguards, which was vetoed last year. But currently tens of billions of dollars of potential construction—public and private—are either stymied or halted by environmental litigation, administrative proceedings, etc. with no possibility for early resolution. Such haphazard activity prohibits rational and systematic planning, makes for unnecessary delays, and vastly increased costs. We call for a rational, stabilized system for environmental and other planning, under which full consideration is given from the outset, while at the same time due regard would be accorded to the necessity for reaching a final decision without endless delays.

Sixth, America needs a comprehensive energy policy and program to rapidly reduce the nation's dependence on imported oil and to establish U.S. energy independence.

Seventh, a new government agency, along the lines of the Reconstruction Finance Corporation, should be established to provide long-term, low-interest loans in the private sector, as well as to assist State and local governments.

Eighth, Federal funds must be provided for the restoration of railroad track and roadbeds.

Ninth. Major loopholes in the Federal tax structure must be closed—to raise as much as $20 billion of additional Federal revenue and to take a giant step towards achieving tax justice.

And lastly, we call upon the administration to set up a cabinet post to coordinate all construction activities within the Government so that a repetition of the present intolerable situation can be avoided.

We are in troubled times. Inflation, recession, high interest rates, high energy costs and dependence on foreign energy imports are all urgent and pressing demands that must be squarely faced, and solved. As we approach our 200th birthday as a nation we are in need of thoughtful and strong national leadership to develop and follow through with sound policies that will see us through these troubles. We can no longer indulge in policies that favor the few at the expense of the man, or policies which attempt to correct one problem only to create a more serious one.

When we fight inflation, we cannot create a recession and call it a solution. When we seek new energy sources, we cannot make the environment the scapegoat. I am especially mindful of this because of the many scenic wonders of our country. Only those policies which seek to benefit all of us will succeed in restoring our country's vitality and strength.

Unemployment in 1976

(By Charles C. Killingsworth)

I wish to thank the Joint Economic Committee for the invitation to present my views on some aspects of the Economic Report of 1976.

What is left unsaid in this Report is in some respects more significant than what is said. I see one major gap, in the form of a question which is not even asked: What is going to happen this year to the millions of unemployed workers who will exhaust their eligibility for unemployment benefits and will still be unable to find jobs?

The Report recognizes—as everyone must—that the chief means of alleviating some of the financial hardships of unemployment in this recession has been unemployment compensation. During most of calendar 1975, between six and seven million unemployed workers were drawing benefits. As of the first week in February (1976), 6.2 million workers were still receiving benefits under seven major programs, the Department of Labor reported.

The Economic Report emphasizes that recovery from the recession will be gradual, and it recites many reasons why the Council of Economic Advisors regards such gradualism as desirable, perhaps the most important one being the perceived need to avoid any revival of inflationary expectations. The immediate consequence of slow recovery is prolonged high unemployment, and the CEA forecast is that the national unemployment rate will still be approximately 7.5 percent at the end of 1976. The large reported drop in the national unemployment rate from December to January (from 8.3 percent to 7.8 percent) and the large reported increase in employment (800,000) have not prompted Chairman Greenspan to revise that estimate. Mr. Greenspan's comments imply that he may share the view of many informed persons that the seasonal adjustment process may have caused a substantial overstatement of the real improvement in the labor market from December to January. The report on the February survey is likely to suffer from the same seasonal adjustment problems. My own conclusion is that, in the absence of major new jobs programs, the reported unemployment rate is likely to be closer to 8 percent than to 7 percent by the end of calendar 1976.

The Report gives some emphasis to the supplements to and extensions of unemployment compensation that were passed in late 1974 and 1975. But the Report fails to recognize and deal with the other side of this coin. I refer to the virtual certainty that millions of the unemployed will exhaust their eligibility for even the extended and supplemental unemployment compensation during 1976. It is difficult to find solid information concerning exhaustions in the recent past, because a claimant who is dropped from one program may be picked up by one of the other extensions or supplemental programs. Perhaps the best available indicator of what might be called "final" exhaustions is the number dropped from the Federal Supplemental Benefits program, which is the program of last resort for those who have used up their eligibility under Regular and Extended benefits programs. The number of FSB exhaustion in 1975 is 1.1 million. The estimate for 1976 is 1.8 million workers. These figures are probably an understatement, but they give some approximation of the magnitude of the problem.

The policies recommended by the Administration which are expected to result in very slow reduction in the national unemployment rate during 1976 will virtually guarantee that large numbers of these exhaustees will have neither benefits nor jobs in 1976. The hardships and deprivations of unemployment have been eased for many workers, probably a majority of the jobless, by the various unemployment benefit programs. These programs more than anything else brought about the development to which President Ford pointed with satisfaction in his portion of the Economic Report: "We did not experience corrosive social unrest as a consequence of our economic difficulties." Simple inaction may change this outcome during 1976. As unemployment seems to be declining, its bite may become sharper.

The Economic Report addresses the subject of UC exhaustions only indirectly and by implication. On page 81, we find the following passage:

"There is now considerable research suggesting that a longer maximum duration of unemployment benefits tends to lengthen the duration of actual unemployment by discouraging some from withdrawing from the labor force and some from accepting reemployment in a less attractive job. While the exact magnitude of any increase in measured unemployment is unclear, these studies suggest that interpretation of unemployment statistics has become more complex."

This passage appears to imply that many workers simply postpone taking another job, or only pretend still to be looking for a job, in order to continue to draw UC benefits. A further implication appears to be that, as UC eligibility is exhausted, a large number of those affected will be induced to take a job—perhaps not as good a job as they might like, but certainly enough of a job to remove such persons from the unemployment count. (The employment survey, broadly speaking, counts as "employed" anyone who has one hour or more of paid employment during the survey week.) The quoted passage also seems to imply that an additional large number of exhaustees will simply drop any pretense of looking for a job when their benefits run out, and will thereby become labor force dropouts. If matters developed in line with these implications, one might expect the reported unemployment rate to drop by considerably more than a fraction of one percent in 1976. The basic implication of the quotation seems to be that a substantial portion of current unemployment is voluntary.

To the extent that the "considerable research" referred to in the *Report* rests upon actual observation rather than assumption and inference, the data are from periods quite different from the current situation, which involves recovery from a recession unprecedented in the post-war period for severity and duration. One might reasonably expect to find some differences between earlier and current behavior of the unemployed.

Studies are now being made of the experience of UC exhaustees in the current recession. The Employment and Training Administration of the Department of Labor is sponsoring two major studies, and others may be under way under different sponsorship. Findings from one of the DOL studies will not be available until sometime in 1977. Preliminary findings from the other study are now

becoming available, and a complete report will be available in the near future.[1]

The study rests upon data from a random sample of 2,000 individuals, in four widely-separated cities across the country, who had exhausted benefits in October and November, 1974. These persons were interviewed at the time of exhaustion, again four months later, and a final time one year after exhaustion. (In the intervening time, some had become eligible for extended or supplemental benefits, which has somewhat complicated the analysis of some facets of the study.)

I believe that some of the key findings of this study, analyzing current experience, deserve the attention of the Joint Economic Committee. The exhaustees covered by the study are somewhat older than the average unemployed person, and there is a larger proportion of females among the exhaustees. Regular work histories, with firm attachment to the labor force, appear to characterize the exhaustees; 90 percent of them had not received any unemployment benefits in the three years immediately prior to losing their last job. When benefits ran out, 46 percent of the families of the exhaustees dropped below the poverty line; with the benefits, only 15 percent had been below the poverty line.

Four months after exhaustion, 25 percent of the exhaustees had become reemployed; 14 percent had dropped out of the labor force; and 61 percent were still unemployed. There may be some ambiguity in these findings, because (as noted) some of the exhaustees had apparently begun to receive benefits under new programs. However, the report states that the most important factor affecting the individual's chances for reemployment was the condition of the labor market in which he was looking for a job. Those who did find new jobs generally had substantially lower earnings than before becoming unemployed—but generally because of shorter working hours rather than lower wage rates.

A full year after exhaustion of regular benefits, most of these claimants would have exhausted their rights under the new programs as well. In view of the large number who fall below the poverty line without benefits—nearly half—it is significant that very small percentages had qualified for welfare payments of some kind by October or November, 1975. Only 7 percent of the whites and 24 percent of the blacks were receiving food stamps. Two percent of the whites and 9 percent of the blacks were on the AFDC–U rolls. Two percent of the whites and 8 percent of the blacks were receiving general assistance payments. Only negligible numbers were receiving SSI benefits.

Last year at about this time, there was considerable discussion of the problems faced by unemployed workers who had had some form of health insurance on their former jobs, but who had lost their coverage when laid off. This study throws some light on this matter. In this sample, 59 percent of the workers had had such health insurance coverage on the job. Less than half of this group had had the option to continue coverage when laid off, and more than half of the sample had had no coverage of any kind at some time during their period of unemployment; about 40 percent had lacked coverage for more than 40 weeks. And 24 percent of those who had lacked health insurance coverage for some portion of the time reported that someone in the family had postponed medical care that would otherwise have been obtained.

We commonly speak of unemployment insurance as a first line of defense against recession-caused joblessness. The time has come to ask, what is the second line, and the third? The studies just summarized suggest that if welfare is the second line, there is a big no-man's land in between the two lines. More specifically, the data suggest that, despite the majority of exhaustees who fall below the poverty line without unemployment benefits, most of them are still not poor enough to qualify for most kinds of welfare. They must wait to sink to a lower level of destitution to qualify for that kind of assistance. Many of the exhaustees have small savings, or cars, or they have as equity in a house; in many states, these small assets must be sacrificed before the applicant is considered for welfare. Many of those who are pushed down to this lower level of destitution will probably never make it back up above the poverty line, if past experience is any guide. Please recall that we are talking about a minimum of 1.1 million exhaustees in 1975, another 1.8 million in 1976, and another unknown number in the remaining years of abnormally high unemployment projected by the Economic Report. When we take families into consideration, we multiply these figures by approximately three. There seems to be a reasonable basis to conclude that, in the name of inflation control and balanced economic expansion, we are condemning millions of Americans to lives of destitution.

What policy conclusions emerge from this analysis? I find it impossible to accept a set of national policies which seems to contemplate increasing destitution for millions of our citizens so that the rest of us can enjoy stable prices and "reasonable" economic growth. Surely we can do better than that. What we are offered by the policies outlined in the Economic Report, it seems to me, is a conscious withholding of job opportunities from persons who have demonstrated by their firm attachment to the labor force their readiness to work for a living for themselves and their families. Other witnesses before this Committee have exposed the fallacies which underlie the policies advocated in the Economic Report. I will not undertake to duplicate their analysis. Neither will I try to review the relative merits of various approaches to the solution, or amelioration of the unemployment problem. The National Council on Employment Policy, which I have the honor to serve as its chairman, has recently published such an analysis entitled, "How Much Unemployment Do We Need?" I wish to submit a copy of that analysis for the consideration of the Joint Economic Committee.

That document was written to achieve a consensus among a substantial number of manpower experts. I have a final word to add, speaking solely for myself. I look forward to the unveiling of the revised version of the Humphrey-Hawkins Full Employment Bill. I must confess that initially I had reservations about any attempt to guarantee "full employment." The events of the past 18 months have gradually convinced me that the Humphrey-Hawkins Bill represents the straight line between two points. I believe that the approach set forth in this bill would activate a multiplicity of efforts in government and in the private sector which would give us a fairer society, a more compassionate society, a sounder society, and even a more prosperous society.

[1] The study is being made by Mathematica, Inc., and the W. E. Upjohn Institute for Employment Research. It is entitled *A Longitudinal Study of Unemployment Insurance Exhaustees*. A summary of key findings was published in processed form under date of October 1, 1975. Additional findings, from interviews conducted in October and November 1975, have just been submitted to the Department of Labor. I have been authorized to quote some of these findings by officials of the Employment and Training Administration, for which I am most grateful.

TESTIMONY BY MURRAY H. FINLEY

Chairman Humphrey and members of the Committee:

I am pleased to have this opportunity to appear before you to comment on the crucial economic problems and policies we are currently facing.

We have just passed the 30th anniversary date (on February 20th) of the signing into law of the Employment Act of 1946. That act contained a mandate that our economic policies "promote maximum employment, production, and purchasing power." This has been the labor movement's goal almost from its inception. But the Economic Report of the President, his proposed budget, and the policies prescribed by his Council of Economic Advisors seem determined to frustrate these objectives.

We are now seeing some modest improvements in the economic indicators from the dismal figures of last year. But the American economy remains in a weakened condition, with a vast amount of slack, after the longest and deepest recessionary decline in 40 years.

The central situation facing the nation—and what should be the focus of this Committee's report and actions—is the blithe acceptance by this administration of high levels of human and capital waste. This is not a problem that will be resolved by the modest economic recovery now underway, but is a long-term problem that will remain with us for as many years as we delay implementing a policy of genuine full employment and reordered economic priorities.

The officially reported unemployment rate is 7.8 percent, representing 7.3 million jobless people. The Administration cites this decline from the 9.2 percent level of last May with great fanfare. A truer measure of unemployment would place the figure for January at about 10.6 percent. This is because the official number ignores the million discouraged people who no longer are seeking employment, the statistical fluke that exaggerated the decline that resulted from revising the standard for seasonal adjustment, and ignoring a rise of 240,000 in the number of workers compelled to work part-time because full-time work was not available.

To attain perspective on what these numbers represent we should note that even the officially reported unemployment count for January was higher than in any earlier period since 1941, when the economy was coming out of the great depression. Moreover, the Labor Department also reported that 131 of the 150 major labor markets still suffer substantial unemployment, as do 1,046 of the smaller job market areas. This means that nearly four-fifths of the nation's labor market areas are still in bad shape. While statistics don't portray the human hardships, a truer statement of the fact is that some 60 to 70 million people, workers and their families, were directly hit by unemployment in 1975.

The labor movement knows all too well that unemployment is a burden on everyone, not just on those who suffer its effects directly. No employed person can be secure in his or her work knowing unemployed people are walking the streets looking to take their job. No possibility of real improvements in living standards for employed people is attainable unless there is work enough for all.

At the same time the Federal Reserve Board reports that in the fourth quarter of 1975 29 percent of industrial capacity was unused. This idleness of plants and machinery represents a loss of $221 billion on an annual basis—or $1,000 for every man, woman and child in America. To continue this great cost of billions of lost Gross National Product and shattered personal lives is a tragic commentary on our nation.

To gain further insight into the economic situation and trends we see, let me discuss for a moment the sector I know best. The apparel, textile and fibers industry is the nation's largest manufacturing employment complex. It provides jobs for over 2 million people. For this sector the "recession" has been of depression level dimensions.

For example, employment in the men's & boys suit and coat industry declined from a pre-recession high in April 1973 of 101,700 production to a low in July 1975 to 71,800, a decline of 29.4 percent. In the separate trousers industry, employment fell from 83,400 in April 1973 to a low of 65,900 in April 1975, a decline of 21 percent. In the shirt and nightwear industry, employment went from 111,300 in June 1973 to 92,900 in March 1975, a decline of 16.5 percent. In work clothes 84,500 were employed in March 1973, while only 63,900 were employed in March 1975, a drop of 24.4 percent. In addition, for those who did retain their jobs, the average weekly hours of work declined from 36.9 hours in December 1973 to 31.9 hours in April 1975, which is a 13.6 percent decrease in less than 18 months.

The domestic recession has been primarily responsible for these depressing figures. But an additional force has contributed to them—that of clothing imports. The President has rightly pointed out the dangers to our economy of being dependent upon foreign supply sources, especially in energy. But he contradictorily pushes for a so-called freer, unrestrained trade policy that does similar economic and employment damage.

While clothing manufacturers in the United States struggled through the difficulties of 1975, clothing imports enjoyed a boom year. The persistent growth of imports stands in sharp contrast to the declining domestic production as can be seen from the following tables:

	Imports			U.S. production			Imports as a percent of U.S. production [1]	
	1974	1975	Percent change 1975 versus 1974	1974	Projected for 1975 [1]	Percent change 1974 versus 1975 [1]	1974	1975
Men's and boys' suits	1,933,914	3,164,073	+63.6	19,684,000	16,141,000	−18	9.6	19.8
Men's and boys' sport coats	4,989,370	5,509,834	+10.4	21,764,000	12,841,000	−41.7	22.5	42.9
Men's and boys' separate trousers	40,009,471	55,008,148	+37.5	199,374,000	149,531,000	−24.5	20	36.8

[1] Projection for 1975 U.S. production is based on a compilation of January–November 1975 monthly cuttings reports for men's tailored clothing, obtained from the U.S. Department of Commerce.

These figures show how imports have eroded employment in the clothing sector, and the pace is accelerating. The U.S. has tried to control this trend somewhat by negotiating a number of bilateral agreements under the terms of the Agreement Regarding International Trade in Textiles. Unless imports are restrained quickly and in a more effective manner, jobs in our sector and in many other manufacturing industries won't exist, irrespective of the prosperity of our domestic economy.

While the import problem is becoming greater, there has been some improvement in employment and hours of work within the apparel industry. From the low point of Spring and Summer 1975, employment in men's and boy's suits and coats has increased 4.7 percent, shirt and nightwear employment 9.5 percent, work clothes employment 18.3 percent and trouser employment 13.6 percent. But these percentages are deceiving because they are figured from a lower base than pre-recession employment. Thus, for example, for the suit and coat industry, the percentage increase in employment has to be an additional 18 percent added to the moderate increase stated above to reach the employment level of April 1973. Still more is needed to cover the lost hours of work—of about 13%—so that the total increase needed is 30%.

Retailers are now placing their orders for the Fall selling season. Reports thus far show a continuing reluctance to show confidence in improving sales and, in fact, inventories are being kept to a bare minimum. Yesterday's New York Times confirms most retailers are operating on smaller inventories and are limiting their array of merchandise to minimize risks. The psychology of caution and pessimism pervades very strongly.

Thus it is imperative that the Congress recognize how fragile and unstable the so-called "recovery" is. The President's proposal and budgetary framework ducks responsibility for the nation's continuing economic problems, offers no proposal for solving them, and would worsen the economic situation in fiscal 1977.

The President proposes a very definite shift to economic restraint, including a $29 billion cut in federal programs below this year's level of services, for the fiscal year beginning October 1, 1976 with spreading adverse impact after the November elections. If the President's program were adopted, there would be cuts in federal programs, concentrated in employment, education, health care, income security and grants-in-aid to state and local governments. It will result in rising unemployment during the latter part of 1977 and the possibility of a deeper recession.

For seven years, the Nixon and Ford Administrations have given the nation the exact economic medicine once again being proposed by the President. The record is one of failure, recession, unemployment, inflation and high budget deficits.

My differences with the Administration's economic policies can be enumerated at length. More constructive would be to outline the direction this Committee should report to the Congress and help seek its ultimate implementation.

The AFL–CIO Executive Council just recently concluded its Mid-Winter meeting. At that meeting the Economic Policy Committee, of which I am a member, offered a series of recommendations to create jobs and generate greater income. The labor movement strongly urges the following actions:

1. The Congress should override the President's veto of the accelerated public works bill which would create jobs and provide aid for those states and local governments, hard-pressed by unemployment. Perhaps it is not too late to introduce another such bill.

2. The Senate should join with the majority of the House to support an expanded public service employment program for the unemployed.

3. Congress must act to prevent a rise of withholding tax rates on paychecks—now scheduled for July 1, 1976.

4. The government's housing programs need to be fully implemented, with sufficient funds, to boost residential construction and prevent the further spread of today's housing shortage.

5. Congress must direct the Federal Reserve system to provide sufficient growth of the supply of money and credit at reasonable interest rates to promote rapid expansion of the economy and job opportunities. Lower interest rates are absolutely essential to revival of the depressed housing industry in particular and construction in general. Congress should also direct the Federal Reserve to allocate available credit for such high-priority purposes as housing, state and local government needs and business investment in essential plant and equipment, while curbing the flow of credit for land speculation, inventory-housing and foreign subsidiaries.

6. Congress should increase the federal minimum wage to $3.00 an hour and provide an automatic escalator for the future. A minimum wage increase, along with a higher penalty for overtime work, would provide a needed boost in the purchasing power of the lowest-paid workers and generate new job opportunities.

7. Job programs especially designed for unemployed youth, minorities and women are essential.

8. America needs a comprehensive energy policy and program to rapidly reduce the nation's dependence on imported oil and to establish U.S. energy independence.

9. A new government agency, along the lines of the Reconstruction Finance Corporation, should be established to provide long-term, low-interest loans in the private sector, as well as to assist state and local governments.

10. Federal funds must be provided for the restoration of railroad track and roadbeds.

11. The outmoded unemployment insurance system badly needs basic improvements.

12. Major loopholes in the federal tax structure must be closed—to raise as much as $20 billion annually of additional federal revenue and to take a giant step towards achieving tax justice.

Many of these actions will serve the immediate need. But in the long run a more comprehensive and permanent system must be established to prevent our continuing to operate from crisis to crisis. As the President noted, "Inflation and unemployment are not opposites but are related symptoms of an unhealthy economy." We need a program to achieve a stable, full employment economy with balanced growth, clearly set forth goals, and responsibilities to implement them.

Such a measure is the soon-to-be introduced Full Employment and Balanced Growth Act of 1976. Senator Humphrey, Senator Javits, Representative Hawkins and Representative Reuss are to be commended for their initiative and creativity in sponsoring this legislation. This proposed legislation would be the approach I advocate in solving our major economic problems.

At long last, we must attain universal recognition that a person is entitled to a job at a decent wage as a matter of right, and the total community must assume this responsibility and must guarantee its fulfillment.

A statement issued by the Catholic bishops of the United States 45 years ago said it best:

"This unemployment returning again to plague us after so many repetitions during the century past is a sign of deep failure in our country. Unemployment is the great peacetime tragedy of the nineteenth and twentieth centuries and both in its cause and in the imprint it leaves on those who inflict it, those who permit it, and those who are its victims, it is one of the great moral trag-

edies of our time." (The Bishops of the United States, *Unemployment* 1930, as quoted in Statement of the Catholic Bishops of the United States, United States Catholic Conference, Washington, D.C., November 20, 1975)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 12:55 p.m. today.

The motion was agreed to; and at 12:30 p.m. the Senate took a recess until 12:55 p.m.

The Senate reassembled at 12:55 p.m., when called to order by the Acting President pro tempore (Mr. STONE).

APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore. The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 4355(a), appoints the Senator from Maryland (Mr. MATHIAS) to the Board of Visitors to the Military Academy, in lieu of the Senator from Oklahoma (Mr. BELLMON), resigned.

ORDER OF BUSINESS

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

INTER-AMERICAN DEVELOPMENT BANK AND AFRICAN DEVELOPMENT FUND ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to consideration of H.R. 9721, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 9721) to provide for increased participation by the United States in the Inter-American Development Bank, to provide for the entry of nonregional members and the Bahamas and Guyana in the Inter-American Development Bank, to provide for the participation of the United States in the African Development Fund, and for other purposes.

The Senate proceeded to consider the bill.

The ACTING PRESIDENT pro tempore. Time for debate on this bill shall be limited to 2 hours, to be equally divided and controlled by the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Virginia (Mr. HARRY F. BYRD, JR.), with 30 minutes on any amendment, and 20 minutes on any debatable motion, appeal or point of order.

Mr. CLARK. Mr. President. I want to address myself to title II of the pending bill.

Africa has more often than not been the stepchild of American foreign policy. There has been an occasional outburst of official rhetoric about Africa's importance to us and some cultural interest generated by black groups in the United States. But at least at the governmental level, out interest has tended to wander and we have seldom had anything approaching an African policy.

The mindlessness of this approach—or lack of approach—to Africa has been brought home to us most painfully in Angola. I fear that the pain is far from over. Rhodesia, Namibia, and South Africa itself are going to loom large on American television screens and front pages in the years immediately ahead. Africa will be heard, regardless of whether we are willing listeners.

This bill authorizes our participation in Africa's multinational development institution. It authorizes very modest contributions—$25 million over a 3-year period. The United States is currently one of only three members of the OECD which are not members of the African Development Fund; the others are France and Australia. If the full $25 million is approved, the U.S. proportion of non-African contributions would be around 15 percent—and would be dropping, since other countries are expected to increase their contributions in the months ahead.

Saudi Arabia has a $10 million subscription, and I understand that other oil-producing countries are expected to join in as contributors, as well.

Mr. President, this fund is a fairly young institution, but it already is involved in extremely useful work. It restricts its lending to the poorest African countries. The 13 countries it lent to in 1974 had an average per capita income of $123. In my view its priorities are right. In 1974, its first year of full operation, over half of its lending was for agricultural projects. We are all very much aware of the dire need for food in these countries where very high percentages of their people suffer from malnutrition.

It is extremely important that we lend our support to the African Development Fund in the full amount recommended by the Committee on Foreign Relations. We should, both for political and humanitarian reasons, give an unequivocal "yes" to the question of African development. We must show that we are concerned, not only when political developments go against our best interests, but also when the Africans themselves are striving to build for themselves a more decent standard of living. If we do not affirm our concern now we will have little basis for complaint if the Africans increasingly move in directions which we perceive as being against our interests.

Mr. President, I strongly support this bill. Because of my position as chairman of the Africa Subcommittee of the Committee on Foreign Relations, I am especially sensitive to the need for us to support full authorization for the African Development Fund. I, therefore, urge that the bill be passed as it now stands.

Mr. President, I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time not be charged against either side.

THE ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent for floor privileges during the consideration of H.R. 9721 of Constance Freeman, Richard Moose, Dan Spiegel, and Rudolph Rousseau.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, may I have a statement as to what the unanimous-consent agreement provided.

The ACTING PRESIDENT pro tempore. The time for debate is limited to 2 hours equally divided and controlled by the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Virginia (Mr. HARRY F. BYRD, JR.); 30 minutes on any amendment; 20 minutes on any debatable motion, appeal or point of order. The time commences to run at 1 o'clock.

Mr. HUMPHREY. May I ask my friend, the Senator from Virginia, is there an amendment he wishes to offer?

Mr. HARRY F. BYRD, JR. Not at the moment.

Mr. HUMPHREY. Does the Senator have a statement he wishes to make?

Mr. HARRY F. BYRD, JR. I have a brief statement, and then I would like to ask several questions.

Mr. HUMPHREY. I thank the Senator.

Mr. HARRY F. BYRD, JR. I have several questions I wish to ask the able Senator from Minnesota.

Mr. HUMPHREY. That will be fine.

The ACTING PRESIDENT pro tempore. The Senator from Virginia is recognized.

Mr. HUMPHREY. We are recognized on our own time; is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. HARRY F. BYRD, JR. I yield myself 3 minutes.

Mr. President, this legislation authorizes $2.25 billion as the U.S. share of a replenishment of the funds of the Inter-American Development Bank. The legislation also authorizes U.S. participation in the African Development Fund with a subscription of $25 million for that purpose.

In the most recent U.S. replenishment of the Inter-American Bank in 1970 the United States subscribed $824 million in ordinary capital and $1 billion to the Fund for Special Operations. Total U.S. participation amounts to 40 percent of the capital and over two-thirds, namely, 68 percent, of the resources in the special operations. That is the soft loan window of the bank.

The increase from $1,824 million to

$2,250 million represents an increase of $426 million. That is a 25 percent increase.

The recently passed foreign aid appropriations bill had this to say about international financial institutions, and I am quoting now from the Foreign Appropriations Committee report:

The United States has been a most generous contributor to those international financial institutions providing assistance to the less developed nations of the world. In fact we have been the leading contributor and supporter of these institutions since their inception.

We have done so in the belief that many of the problems in the developing world required a multilateral solution. We also supported the ideal of a multilateral corps of trained professionals and administrators who would direct this assistance without thought of national or personal gain.

In the harsh light of reality, however, many of our conceptions prove to be but empty shadows. We find that there are favored nations when development assistance is parcelled out. We also find that many who are said to be dedicated servants of the poor receive unseemly compensation for their service.

Mr. President, those are not the words of the Senator from Virginia; they are from the report of the foreign aid appropriations bill.

At this point I would like to yield myself an additional 10 minutes and ask several questions of the Senator from Minnesota, the manager of the bill.

The ACTING PRESIDENT pro tempore. Does the Senator yield?

Mr. HUMPHREY. Oh, yes.

Mr. HARRY F. BYRD, JR. May I ask the Senator from Minnesota——

Mr. HUMPHREY. This is on the Senator's time.

The ACTING PRESIDENT pro tempore. It is on the time of the Senator from Virginia.

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. The present proposal increases the U.S. share or replenishment of the Inter-American Development Bank fund from the last replenishment level of $1.8 billion to $2.25 billion, an increase of 25 percent.

Would the Senator indicate why such a substantial increase is being sought at this point?

Mr. HUMPHREY. Primarily for the reason of the inroads of inflation of the past 5 or 6 years when we have had rates of inflation of between 8 and 10 percent, some years less, some years higher, so that the actual value, money value, of the purchasing power is not really over what it was in the last authorization.

Mr. HARRY F. BYRD, JR. In regard to the committee report dealing with the foreign aid appropriations which goes into the matter of salaries for the various international financial institutions, the committee report states that the salary schedules are unseemingly high.

I wonder if the Senator could comment on that phase of the report.

Mr. HUMPHREY. Those are the salary schedules of the officers of the Bank. Is that what the Senator is referring to?

Mr. HARRY F. BYRD, JR. Yes.

Mr. HUMPHREY. Well, the Senator and I know that bankers seem to pay themselves a little bit better than public servants. Also remember that the Inter-American Development Bank is a multinational concern. It does a substantial amount of business and, I think, the Senate will have to understand that since it is a multinational organization where we do not set all of the standards that we are apt to find salaries to be rather high.

The upper level staff of the U.S. Foreign Service and military, for example, is sometimes paid more than comparable staff at the United Nations. U.S. contributions to the Inter-American Development Bank do not pay for administrative expenses, including salaries. These costs are paid out of the net income from the interest and repayment on loans and most of that is generated from capital loans.

I underscore that U.S. contributions do not provide the funds for these loans. They simply provide the collateral so that money can be borrowed in the capital markets.

Therefore, even decreasing a U.S. contribution to the Bank would not have a direct impact on moneys available for salaries and employee benefits.

We have to keep in mind that this Bank has to compete with the private sector when it recruits competent money managers, and the salaries of the Inter-American Development Bank are not above those in the private sector. In fact, some of them are below those of the private sector.

Let me just quickly add, because I know of the Senator's genuine concern over this bill, that it is my understanding, and I believe the record will show, that U.S. commitments will be 37 percent of the total.

Back in 1971 when the Congress approved our particiption in that replenishment, our share was 52 percent of the total.

So we have actually reduced our percentage participation in the replenishment in relation to the last one by 15 percent.

Mr. HARRY F. BYRD, JR. Will the Senator yield at that point?

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. The U.S. share of the soft loan window is 68 percent, is it not?

Mr. HUMPHREY. Yes.

This is an inheritance from the earliest days of the Bank. We have been the big contributor to the soft loan window, the Senator is correct.

Mr. HARRY F. BYRD, JR. At the present time, in the present bill, it would be 53 percent, would it not?

Mr. HUMPHREY. Yes. It is down some.

Mr. HARRY F. BYRD, JR. But still well over half?

Mr. HUMPHREY. Yes; that is a fact because the soft loan window is looked upon as a part of the generous aid to our neighbors in Latin America.

In the Inter-American Development Bank, its regular loans are pretty much on a commercial basis and represent a rather sound investment.

By the way, this Bank goes to the private money markets. It sells its securities just as the Government of the United States does.

This bill provides for the entrance of, I believe, 10 new countries from Europe, plus Japan and Israel. So, 12 new countries will join the IDB.

It is looked upon in the international monetary community as one of the soundest investments and one of the better banking structures for the international financing of important economic activities in the Latin America area.

Mr. HARRY F. BYRD, JR. This is the Inter-American Bank, but now it is expanding beyond the Western Hemisphere?

Mr. HUMPHREY. It is expanding in terms of its source of funds and collateral. It is expanding in terms of donors, but probably not in terms of recipients.

Mr. HARRY F. BYRD, JR. I might say that the comments read by the Senator from Virginia in regard to the salaries were not the comments of the Senator from Virginia.

Mr. HUMPHREY. I understand that.

Mr. HARRY F. BYRD, JR. They were the comments of the Senate Appropriations Committee.

Mr. HUMPHREY. I know the Senator was quoting from the report of that Senate Appropriations Committee.

Mr. HARRY F. BYRD, JR. I quote from another part of the report. It states:

The United States share of contributions to the Inter-American Development Bank continues to be inordinately high. This is especially the case regarding the Fund for Special Operations where the United States contribution has been 67.9 percent.

Mr. HUMPHREY. And now reduced to 53 percent.

Mr. HARRY F. BYRD, JR. I continue reading from this report:

If projected on a straight line basis the United States share of the Fund would rise to 72.5 percent by fiscal year 1979.

Mr. HUMPHREY. But we should not project it on a straight-line basis because our percentage contribution is decreasing. Ultimately there will be the percentage of total Bank resources going to the soft loan window fund.

Mr. HARRY F. BYRD, JR. There again, I am merely quoting from the report of the Senate Appropriations Committee dealing with this subject.

Mr. HUMPHREY. Yes.

Mr. HARRY F. BYRD, JR. I continue on with another sentence from the committee report:

One of the central objectives of Committee oversight of United States involvement in the Inter-American Development Bank has been to stimulate efforts to increase the contribution of others to the Bank and thus reduce the United States share to more equitable amounts.

What steps are being taken, may I ask the Senator, to have other countries increase their contributions?

The ACTING PRESIDENT pro tempore. The Senator's additional 10 minutes have expired.

Mr. HARRY F. BYRD, JR. I yield myself 3 minutes.

Mr HUMPHREY. The opening of Bank membership, to 10 European countries and to Japan and Israel, 12 new countries, is resulting in a reduction in the percentage of American commitments in this bank. Also, the Latin American

countries themselves are contributing more.

In 1971, our percentage of commitment was 52 percent of the total replenishment. This bill will make it 37 percent of the total.

Mr. HARRY F. BYRD, JR. But not the soft loan?

Mr. HUMPHREY. In the soft loan window, as I understand, if my recollection is correct, our total contribution has been 69 percent and is now down to 52 percent in this replenishment.

Mr. HARRY F. BYRD, JR. The committee report also has the following to say, and I quote again:

The (major contributor) status places upon the United States a special responsibility to see that the Bank's resources are being effectively employed for fostering economic growth and improving the distribution of income, favoring the lower income sectors more than has been the case in the past.

What steps are being taken to see that the Bank's resources in the future will be used to improve on this situation?

Mr. HUMPHREY. One of the areas we have worked in, which the Senate insisted upon in the recent appropriations bill, was allocating a percentage of the total capital for the development of credit unions, agricultural cooperatives for the low-income peoples, and savings and loans for low-income housing.

I have to say that we had quite a tussle with our colleagues in the other body. They did not want any earmarking. But the Senator from Hawaii (Mr. INOUYE) and the Senator from Minnesota have insisted that the earmarkings remain until the purposes outlined in the Appropriations Committee report have been accomplished.

I am also happy to state that we have a good record on the projects which have been undertaken.

For example, under the work of the Bank, in its 15 years of existence they have lent over $15 billion. For each $1 of the Inter-American Development Bank resources, an additional $3 was provided by the member countries borrowing the money. So the ratio was 3 to 1.

In agriculture, which is so vital in the Latin American countries, there have been loans in the amount of $1,975 million, which have resulted in a total investment of over $5,384 million.

The ACTING PRESIDENT pro tempore. The Senator's additional 3 minutes have expired.

Mr. HARRY F. BYRD, JR. Will the Senator from Minnesota yield some of his time?

Mr. HUMPHREY. Yes, I am glad to take 10 minutes out of our time. We will just divide up the time.

For example, helping to improve rural water systems. This is out in the rural lands in the faraway countryside. There have been 4,800,000 rural drinking water systems and 400 sewer systems benefiting 57 million people authorized, funded and completed as a part of the activities of the Inter-American Development Bank.

I have a full list of a tremendous amount of activity which has been undertaken in a solid banking system program, in which loans are being repaid with interest. The record of this bank is exemplary, may I say. It is looked upon as one of the better—I will not say the best but one of the better—banking institutions which is helping the international community.

I ask unanimous consent, so that we may have the record more complete, to have printed in the RECORD the report that I have developed on some of the activities of the Inter-American Development Bank. This relates directly to the question asked by the Senator from Virginia about what this bank has done for people in the lower income brackets, the people who really populate much of Latin America.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

IDB BENEFICIARIES

The Inter-American Development Bank completed a decade and a half of operations in 1975. During its 15-year existence, the Bank has lent $8.685 billion to help finance social and economic development projects involving a total investment of approximately $33.4 billion in Latin America. For each $1 of IDB resources, an additional $3 is provided by member countries.

Agriculture: The creation of new agricultural production to increase employment in rural areas and feed growing populations.

Amount: 202 loans amounting to $1.975 billion for projects totalling $5.384 billion.

Impact: As of December 31, 1975: 11.3 million acres brought into production; 1.1 million farm credits to individual farmers; 110 cooperative associations have received credit for seed, fertilizer, tools and equipment; new integrated rural agricultural programs providing sanitation, health facilities, extension schools as well as farm credit, attempt to create large-scale employment and to reach farmers whose average annual income is approximately $100.

SANITATION

Amount: 112 projects amounting to $752 million for projects valued at $1,752 billion.

Impact: Helping to build or improve 4,800 rural drinking water systems and 400 sewer systems benefiting 57,000,000 people.

ELECTRIC POWER

Amount: 81 loans for $1.856 billion for projects costing $9.083 billion.

Impact: To assist in making possible additional 16 million kilowatts of power; 95,484 miles of power lines to 2,637 communities.

TRANSPORTATION AND COMMUNICATIONS

Amount: As of December 31, 1975: 19,286 miles of roads of which 14,432 miles were farm to market; 1,664 miles of gas lines; 14 ports, 7 grain elevator facilities, one ship canal improved, 9 major telecommunications systems financed.

EDUCATION

Amount: 74 loans amounting to $375 million for projects costing $816 million.

Impact: Helping to modernize and improve 694 learning centers of which 504 are vocational or technical schools, 70 are universities, 80 are special schools or facilities of universities, 18 primary of secondary schools, 19 research centers.

URBAN DEVELOPMENT

Amount: 52 loans amounting to $454 million for projects costing $1.019 billion.

Impact: Helping to build 361,123 housing units along with community facilities and 10 municipal markets.

INDUSTRY AND MINING

Amount: 155 loans amounting to $1.254 million are helping finance projects costing $10.728 billion.

Impact: 50 industrial plants in production; 26 under construction; 6,353 small and medium sized firms assisted to build or expand facilities.

PREINVESTMENT

Amount: 76 loans amounting to $138 million is helping to finance preinvestment programs amounting to $254 million.

Impact: 1,281 preinvestment studies completed.

TOURISM

Amount: 6 loans amounting to $71 million finance projects costing $185 million.

Impact: These loans mobilize energies and provide basic skills to large numbers of unemployed who formerly lived below subsistence levels.

EXPORT FINANCING

Amount: 18 loans amounting to $132 million helping to finance capital goods exports with an invoice value of $190 million among Latin American countries.

Impact: To foster Latin American integration and intra-regional export trade.

As estimated, 2 million individuals will benefit directly from approximately one-fifth of the money lent in 1975. Each of these is a member of a producer or consumer cooperative, a credit union or some other form of association of small farmers, fishermen or industrial workers. Of the additional $1.1 billion, no ready estimates are yet available, but several million more individuals will benefit directly and indirectly whether they be members of new rural water associations, new customers for expanding rural electrification networks, or workers in mines or factories, where new investments made possible by Inter-American Development Bank loans are about to take place.

Mr. SYMINGTON. Will the Senator yield so I may ask a question of the distinguished Senator from Minnesota?

Mr. HARRY F. BYRD, JR. I yield.

Mr. SYMINGTON. How much of this money is in soft loans?

Mr. HUMPHREY. The total amount of U.S. money going to soft loans is $600 million.

Mr. SYMINGTON. What percent of that is the total being requested?

Mr. HUMPHREY. The total amount that is being authorized in this legislation is $2,225,000,000. May I say, over a 4-year period it involves $745 million in expenditures on our part. That is over 4 years.

Mr. SYMINGTON. May I say to the able Senator what worries me is the fact that we continue to put out these guarantees. The other day we put out an oil guarantee where we participate to the tune of $6,900,000,000 in a total of $27 billion. This money in guarantee goes to the developed countries. It is an oil problem.

Mr. HUMPHREY. That is the safety net.

Mr. SYMINGTON. The able Senator knows what I am referring to. I have asked the Secretary of the Treasury, and he has agreed, to supply us with a list of the total amount of all the guarantees against the taxpayers of the United States.

I would like to respectfully ask my able friend, does he think the soft loans think sometime it will come to an end?

Mr. HUMPHREY. We are reducing our share, I am pleased to report. We have reduced our share from 51 or 52 percent down to 37 percent.

Mr. SYMINGTON. That is the soft loan window?

Mr. HUMPHREY. That is our overall contribution. We have reduced it by 14

percent this time as compared to 1971. So there is some reduction in it.

May I say, of course, that this is ultimately under the control of our Appropriations Committees.

I would hope that we would get away from the soft loan window. I personally feel that we ought to get to more constructive, long-term banking principles. The soft loan window came in at the time of the Alliance for Progress. It seems to me that soft loans are just not as good as the other. They are frequently loans that are very hard to repay, in all honesty, even though they are being repaid. They are on a very long schedule, at very low rates of interest. They are different than the regular development loans. As development efforts progress we ought to get more and more to the harder development loan.

Mr. SYMINGTON. I could not agree with the Senator more. I thank him for his time.

Mr. HARRY F. BYRD, JR. I might say those loans are at an interest rate ranging from 1 percent to 4 percent.

Mr. HUMPHREY. That is correct.

Mr. HARRY F. BYRD, JR. And payable over a 40-year period with a 10-year grace period before any repayment is made. The Federal Government, is paying, of course, far more interest than that to borrow the money.

Mr. HUMPHREY. I could not agree more that those loans are at almost no rate interest. That is almost what would be called an administrative charge.

Mr. HARRY F. BYRD, JR. There is almost no interest involved at all. Yet the wage earners of this country, when they go out to borrow money for an automobile, to buy a house, or what have you, pay an effective rate of somewhere between 9 and 12 percent; sometimes they must pay even more.

Mr. HUMPHREY. I am as bothered about that as the Senator is, and I have cited this many times. Therefore, it seems to me that the sooner we are able to move into more sound banking programs for loans, the better off we are going to be.

If the Senator would permit me, he might be interested in knowing the kind of support that this legislation has. For example, the United States Chamber of Commerce recently adopted a resolution which says that it:

> Supports participation in the replenishment of the Inter-American Development Bank with U.S. paid-in contributions of $720 million over a 3-year period and approves the proposals to admit nonregional donor countries into the bank.

Actually, the amount we are requesting here for payment over the next 4 years would be $745 million, because it includes the African Fund. The chamber of commerce is referring to the $270 million for the IDB over a 3-year period. The chamber then goes on to say:

> The Chamber regards support for the IDB as practical in both political and economical terms. Economically, it seems to be a sensible and practical approach to development assistance. It has direct benefits for American business. Our 48,000 firms have specific evidence of the positive impact of the Inter-American Development Bank activities on their operations and improving the climate of good will toward them in Latin America.

Then we have the statement of the Chase Manhattan Bank. It says the Chase Manhattan Bank certainly supports the increase in U.S. contributions to the Inter-American Development Bank. It has stated:

> We feel that it is a sound institution which plays a very substantial role in the development process of Latin America and indeed merits the support of the United States.

It is signed by the chairman of the Chase Manhattan board, Mr. Rockefeller.

We have a letter from the chairman of the Board of United Virginia Bank of Richmond, Va. Possibly the Senator from Virginia knows him. Mr. Randall says:

> I would like to endorse H.R. 9721, increasing U.S. participation in the Inter-American Development Bank, and hope and request favorable consideration of this bill. Having been involved with this institution for 12 years I have been greatly impressed with their program for the economic well-being of the citizens of Latin America. This is particularly true with regard to the financing of infrastructure which has led to improvements in the standard of living of these people. The Inter-American Development Bank is well run, in my view, from both the U.S. and Latin American side. My personal involvement in their programs includes lecturing at their sponsor school, INTAL, which has been used to forward Latin American integration. The United Virginia Bank Shares is particularly pleased to support this legislation.

I have a communication supporting the IDB from Robert N. Bee, the senior vice president of the Wells Fargo Bank; and from Mr. William J. McDonough, the executive vice president of the International Banking Department of the First National Bank of Chicago. The Council of the Americas, which represents a host of American business institutions has expressed its support for this legislation as has the Inter-Religious Task Force, which consists of many religious bodies of America, Finally, the AFL–CIO in its resolution says, "The AFL–CIO supports these contributions to the Inter-American Development Bank" and goes on to state why.

There is a whole series of these endorsements, but I think it is interesting to note that the endorsements come from large banks, from smaller banks, from a Chamber of Commerce, from the Council of the Americas, which represents many of the business and financial institutions of the United States; it comes from the American Federation of Labor and, it comes from religious organizations of our country. In all of these testimonials, the reasons given for support is that the bank is so well run, and that it has always brought dividends to the people.

There are other facts that I want to bring in later on with reference to what it does for American business, because whatever money we put into this Bank comes back. My goodness, it is like casting bread upon the waters; it comes back in a tremendous volume of benefits to private enterprise, of jobs, and of stimulus to the American economy. And, may I add, these loans are repaid.

Mr. HARRY F. BYRD, JR. Mr. President, I yield myself 5 minutes.

The loans are repayable over a long period of time, many of them through the bank, but as the Senator from Minnesota pointed out, the loans are not repayable to the Federal Treasury. They do not come back to the Federal Treasury.

Mr. HUMPHREY. That is correct.

Mr. HARRY F. BYRD, JR. The money goes out and stays out, and none of it ever comes back to the American taxpayer. In the light of the severe problem——

Mr. HUMPHREY. Mr. President, will the Senator permit me at that point—and we will share the time; I am more than happy to yield the Senator any time he may require.

I think, because of the intricacies of this legislation, it is rather important for the American people to know and for Congress to know that the actual eventual outlay of U.S. funds over a 4-year period, for the Inter-American Development Bank, is $720 million.

Now, actually, for the first year, it will be less than several million. Much of the commitment that we make here is what we term callable capital, which simply provides security for the Inter-American Development Bank to borrow money from the commercial market. Only a part of this authorization request requires appropriations because the bond issues it backs in turn require this. The bond issues backed by the new kind of callable capital (inter-regional) do not include this stipulation. Therefore, appropriations will not be sought for this portion of the authorization. In the history of all the International Financial Institutions in which the United States participates, callable capital has never been called. It is a form of collateral so that the bank can go out into the private money market and do its financing.

So I point out that insofar as the Congress is concerned, for 1976, of the amount we will be asked to appropriate, only $10 million will actually be used, although eventually $65 million will be paid out. $240 million of 1977 moneys will eventually be paid out, $240 million of 1978 moneys, and $200 million of 1979 moneys. That is for the African Development Fund and the Inter-American Development Bank.

The rate at which these moneys actually leave the U.S. Treasury, disbursement, is much slower, since availability is indicated by letters of credit. These letters result in actual payment only as funds are required. Thus, in 1976, the actual disbursement from the Treasury will be less than $10 million. So the actual impact on the budget will be $10 million. The actual impact in 1977 will depend on the letters of credit. It cannot be more than $240 million, and will probably be substantially less.

So we are talking about two things. We are talking about callable capital in one sense, which is a kind of guarantee, and we are talking about actual appropriated money in another sense. The amount of money which will eventually entail outlays of 1976 money will actually

be only $65 million, of which less than $10 million will be disbursed in 1976. The figure for 1977 is $240 million, of which I would expect not much more than half will actually be disbursed.

Mr. HARRY F. BYRD, JR. I thank the Senator. One of the most severe problems in the so-called Third World countries is the inability of those countries to develop adequate food supplies for their people. Again referring to the Senate Appropriations Committee report, that report—to paraphrase it—states that one of the most effective ways for the Inter-American Development Bank to do this is to assist in country cooperatives, credit unions, and similar organizations, which engage in increasing the productive capacity of the most economically disadvantaged

However, the report states further that the Inter-American Development Bank, despite repeated urgings, has made no more than a token response to meet this need.

In regard to the total contributions by the United States to the Inter-American Development Bank, the United States has contributed $2.5 billion of the $3.7 billion total funds contributed to date for the funds for special operations, namely, the soft loan window.

Mr. President, I feel that the increase which is being sought, namely, a 25 percent increase, is too high.

Before I yield back the remainder of my time, I want to make a brief comment about an amendment which is in this bill and a similar amendment which was placed in the bill which was approved yesterday.

Mr. HUMPHREY. Will the Senator at this point permit me to add—and I know he would be interested in it—that, as I said a little earlier, because of the concern, and a very legitimate concern, expressed by the Appropriations Committee in its report about how this money is being used in terms of loans for food production, the Senate insisted upon its amendment which the Senator from Hawaii developed, and which I as the manager would not delete in the legislation here. This amendment earmarked funds for farm cooperatives, for savings and loans, and for credit unions. This is getting right down to the area that the Senator is properly concerned about; $300 million in IDB funds has now been allocated to cooperative-type development, $15 million for credit unions, and the total amount in the 15-year period for agriculture amounts to $1.975 billion.

When you add in the recipient country's contribution, the contribution to agriculture is $5.304 billion. I felt, and I think the Senate expressed itself accordingly, that we need to put emphasis upon the agricultural development of these countries.

Mr. HARRY F. BYRD, JR. Mr. President, the pending legislation carries an amendment offered by the distinguished Senator from New Mexico (Mr. DOMENICI). It was offered on March 18, and was accepted by the floor manager. It pertains to international terrorism.

It is a good amendment and I share the Senator from New Mexico's concern. When the State Department authorization bill was before the Senate yesterday, the Senator from Virginia offered a similar amendment, although a little broader in scope. The amendment offered yesterday and approved by the Senate would bar the use of funds to any country aiding or abetting international terrorism, or cooperating with military forces from other nations seeking to carry out aggression against another nation.

I cite that only for this reason: When the amendment was offered yesterday, through an oversight, I neglected to make it a part of the RECORD that the amendment was being offered for myself and for the Senator from New Mexico (Mr. DOMENICI) and the Senator from New York (Mr. BUCKLEY). I wish to commend the Senator from New Mexico (Mr. DOMENICI) and his staff for their work, and for the amendment, which was made a part of the pending legislation on March 18.

I want the record to show that the Senator from New Mexico had done a lot of work on this amendment dealing with international terrorism.

Mr. HUMPHREY. Yes, the Senator from Virginia does know that the Domenici amendment, in which the Senator from Virginia had so much interest, was accepted.

Mr. HARRY F. BYRD, JR. Yes.

Mr. HUMPHREY. It is a part now of our Senate bill.

Mr. HARRY F. BYRD, JR. Yes. I thank the Senator.

Mr. HUMPHREY. And the Senator has offered a similar amendment to the State Department authorization, I understand.

Mr. HARRY F. BYRD, JR. That is correct.

Mr. HUMPHREY. I thank the Senator.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. Yes, I yield to the Senator from New York and then I will yield to the Senator from Colorado.

Mr. JAVITS. Mr. President, the Senator from Minnesota, who has handled this matter so brilliantly, mentioned to us a minute ago that he would deal with the broader economic implications of our trade with Latin America. As he has done such yeoman service, perhaps I might deal with that particular question.

Mr. HUMPHREY. I should be very pleased if the Senator would.

Mr. JAVITS. I thank our colleague.

Mr. HUMPHREY. I may add the Senator from New York has recently visited the Latin American countries. From my long association with him here in the Senate, he has done more than any other man of whom I know in promoting business development in Latin America between American and Latin American firms.

Mr. JAVITS. Our colleague is very kind. But I think this is the main point that needs to be made here. Latin America is singularly that area of the world where what we call the private enterprise system has the best chance to demonstrate its ability to deal with the problems of developing countries. That is not the situation in Africa. It is not the situation in Asia. We hope it will be. We want very much to encourage it. It is a rather small thing we are doing for the African Development Bank which is an indication in that direction. But in Latin America this is a going concern. The fact is that Latin American business, in the main, with the exception of very few countries like Peru, is carried on in the private sector.

It is, by the way, the situs of the single most exciting and interesting development of private enterprise helping the development of private enterprise in developing countries through a company, of which I have the honor, along with Senator HUMPHREY, of Minnesota, to be the father as we joined together in doing this over 10 years ago. That company is called the Adela Investment Co., which has facilitated, through a consortium of capital drawn from the major corporations and banks of the whole industrial world, well over $2 billion in projects, which on the whole were successfully consummated in that area of the world.

The importance in dealing with the financing mechanisms of the Inter-American Development Bank is to recognize what it means to us as a nation overall. We enjoy a trade surplus with Latin America of about $1 billion a year. Exports and imports run to about almost $30 billion a year, which is roughly 15 percent of all our foreign trade. Latin America is a critical source of raw materials for iron ore, copper, bauxite, sugar, coffee, and even in the field of petroleum. The fact is that Venezuela and Equador continued the supply of petroleum, notwithstanding the embargo by the OPEC nations during the time when we had such a grave oil stringency less than 2 years ago in this country.

Mr. President, this whole enterprise, which I have described, also relates directly to the impact of the Inter-American Development Bank on our economy. An estimate of the procurement, resulting from the activities of the Bank insofar as the United States is concerned, comes to about $1 billion a year, involving, in a very important way, thousands of U.S. employees who are engaged in supplying what the IDB facilitates.

We have been with the Bank for 15 years. Our experience with it has been a very good one. The Bank, as I say, continues as successfully as it does because the whole of Latin America is essentially private enterprise territory. It enables us to demonstrate the ability of the private sector when it has financing, as this does, through the Inter-American Development Bank, to do the jobs that need to be done in terms of development infinitely better than they can be done or are being done by countries which depend primarily, in many cases exclusively, on public-sector activities.

Mr. President, not to detain the Senate too long, I ask unanimous consent that a list be printed in the RECORD of the types of projects into which Inter-American Development Bank loans have gone and the improvements which they have made in a wide variety of fields from farms to markets, roads to schools, new drinking water systems, housing units, as well as to industry, mining, transportation, communication, tourism, and all of the many activities which are financed in this way.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

IDB BENEFICIARIES

The Inter-American Development Bank completed a decade and a half of operations in 1975. During its 15-year existence, the Bank has lent $8.685 billion to help finance social and economic development projects involving a total investment of approximately $33.4 billion in Latin America. For each $1 of IDB resources, an additional $3 is provided by member countries.

Agriculture: The creation of new agricultural production to increase employment in rural areas and feed growing populations.

Amount: 202 loans amounting to $1.975 billion for projects totalling $5.384 billion.

Impact: As of December 31, 1975: 11.3 million acres brought into production: 1.1 million farm credits to individual farmers; 110 cooperative associations have received credit for seed, fertilizer, tools and equipment; new integrated rural agricultural programs, providing sanitation, health facilities, extension schools as well as farm credit, attempt to create large-scale employment and to reach farmers whose average annual income is approximately $100.

Sanitation:

Amount: 112 projects amounting to $752 million for projects valued at $1,752 billion.

Impact: Helping to build or improve 4,800 rural drinking water systems and 400 sewer systems benefiting 57,000,000 people.

Electric Power:

Amount: 81 loans for $1.856 billion for projects costing $9.083 billion.

Impact: To assist in making possible additional 16 million kilowatts of power; 95,484 miles of power lines to 2,637 communities.

Transportation and communications:

Amount: 103 loans amounting to $1.592 billion for projects costing $3.716 billion.

Impact: As of December 31, 1975: 19,286 miles of roads of which 14,432 miles were farm to market; 1,664 miles of gas lines; 14 ports, 7 grain elevator facilities, one ship canal improved, 9 major telecommunications systems financed.

Education:

Amount: 74 loans amounting to $375 million for projects costing $816 million.

Impact: Helping to modernize and improve 694 learning centers of which 504 are vocational or technical schools, 70 are universities, 80 are special schools or facilities of universities, 18 primary of secondary schools, 19 research centers.

Urban Development:

Amount: 52 loans amounting to $454 million for projects costing $816 million.

Impact: Helping to build 361,123 housing units along with community facilities and 10 municipal markets.

Industry and Mining:

Amount: 155 loans amounting to $1.254 million are helping finance projects costing $10.728 billion.

Impact: 50 industrial plants in production; 26 under construction; 6,353 small and medium sized firms assisted to build or expand facilities.

Preinvestment:

Amount: 76 loans amounting to $138 million is helping to finance preinvestment programs amounting to $254 million.

Impact: 1,281 preinvestment studies completed.

Tourism:

Amount: 6 loans amounting to $71 million finance projects costing $185 million.

Impact: These loans mobilize energies and provide basic skills to large numbers of unemployed who formerly lived below subsistence levels.

Export Financing:

Amount: 18 loans amounting to $132 million helping to finance capital goods exports with an invoice value of $190 million among Latin American countries.

Impact: To foster Latin American integration and intra-regional export trade.

As estimated, 2 million individuals will benefit directly from approximately one fifth of the money lent in 1975. Each of these is a member of a producer or consumer cooperative, a credit union or some other form of association of small farmers, fishermen or industrial workers. Of the additional $1.1 billion, no ready estimates are yet available, but several million more individuals will benefit directly and indirectly whether they be members of new rural water associations, new customers for expanding rural electrification networks, or workers in mines or factories, where new investments made possible by Inter-American Development Bank loans are about to take place.

Mr. JAVITS. Mr. President, I shall sum up by saying this.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JAVITS. I ask Senator HUMPHREY to yield me an additional minute.

Mr. HUMPHREY. I yield an additional minute.

Mr. JAVITS. We are learning that the nations which are closest to us are the nations which mean the most to us. This is a very creative partnership between the United States and Latin America incorporated in the Inter-American Development Bank which is distinguished also by the fact that it is very heavily Latin-American run, which involves a tremendous moral factor in demonstrating the capacity of those from Latin America to run large business affairs and a very great factor in the ongoing development of that whole part of the world.

Therefore, to back out or step away from a success story—and that is essentially what this is—with all of the vicissitudes which it implies would certainly not be wise at a time like this for the United States.

I hope very much that the Senate will again, as it has before, approve our continued participation.

I offer only one last fact, and that is to lessen the financial burden, I might say, we stretched these payments over 4 years instead of the original 3, and that was done expressly because of our situation at this time in order to give the Treasury the most relief possible.

Mr. HUMPHREY. That is correct.

Now I yield 5 minutes to the Senator from Colorado.

Mr. GARY HART. I thank the Senator from Minnesota for yielding.

I shall direct a couple of brief questions to the Senator from Minnesota in this regard.

As the Senator from Minnesota knows probably as well or better than any Member of this body, our country has suffered certain political setbacks in the developing parts of the world, including the great continents of Latin America and Africa. Many people in this country ask themselves why we have suffered these setbacks.

Would it not be the case that the amounts of money expended and the problems we have gotten ourselves into in terms of clandestine and covert operations might have been prevented if we had been more heavily engaged in development activities of this sort? Active aid forward looking U.S. participation in economic development institutions like the Inter-American Bank and the African Development Fund could have established some political goodwill and capital for us in parts of the world. Aside from the question of morality, there is the question of what is practical and pragmatic in the interests of our country not to mention what makes good financial sense.

It seems to me that helping countries to get on their feet and get going, is a much better way to create goodwill that we could draw on when we need some political help and support, than undermining governments or operating covertly or clandestinely.

So would the Senator from Minnesota agree there are some tremendous practical and political benefits that flow to us from this kind of development activity?

Mr. HUMPHREY. I do, and I say that the practical political benefits are common knowledge. IDB activities make people aware that we are constructively working to help them improve their lot and their well-being. This kind of a banking operation is also of great help to our own economy as well as to the others.

I point out further that for every dollar that the Bank loans, another $3 or more comes from the recipient country for the same projects. As I was pointing out earlier, in the agriculture figures, although the Bank has loaned about $1.979 billion in 15 years for agriculture, the total amount if investments in those years as a result of Bank loans was $5.384 billion, the difference was generated within the country that received the loan.

Furthermore, as the Senator from New York has just pointed out, from an economic point in our country, we do a tremendous business in Latin America. One-sixth of all the exports of this country go to Latin America. This provides jobs.

I had the Joint Economic Committee and our Senate committee take a look at what the job relationship was to this program. It is estimated that in 1 year an additional 36,500 jobs are established as a result of the exports and the trade that IDB activities help to generate. So we get a great beneficial impact back home as well as abroad.

Frankly, in 1 fiscal year, we will expend in military assistance and military credits more than $3 billion. Not a bit of that is productive. In 4 years, under the bill before the Senate, the total amount for Latin America will be $720 million in actual outlays—$745 million, including ing the African Development Bank, in a 4-year period.

The total amount of the commitment that we make for that entire period, even with the callable capital—which never has been called under any circumstances in any international development fund we have participated in—is $2.250 billion.

So even if the worst of conditions come about—let us assume that the very worst happens—in a 4-year period we will have spent $2.250 billion, compared to 1

year of military assistance and military credits of $3.2 billion. I believe participation in the IDB is wise public policy.

Mr. GARY HART. So, as to those who are concerned about the U.S. position in Latin America, and Cuban encroachment and about the future of South Africa and what is going to happen because of recent developments in Angola and about losing votes in the United Nations, the Senator from Minnesota agrees that investments of this sort are the best kinds of investments, in political terms, in terms of good will, in terms of potential support, in developing our policies in both those continents and in the United Nations, and are better than any other investments we could make.

Mr. HUMPHREY. I certainly feel so.

If we had even some peripheral troubles with Cuba in which we had to mobilize a certain part of our defense forces, the cost of that mobilization for any one year would be far more than the amount of American funds the Bank invests in Latin America. I think this replenishment is one of the best things we could do.

Mr. GARY HART. I thank the Senator for yielding.

Mr. HUMPHREY. I thank the Senator for his constructive contribution.

The PRESIDING OFFICER (Mr. PERCY). The time of the Senator has expired. Who yields time?

Mr. HUMPHREY. Mr. President, I believe the Senator from Virginia wished to make another comment, and I yield to him such time as he desires.

Mr. HARRY F. BYRD, JR. I thank the Senator from Minnesota.

Mr. President, I ask unanimous consent to have printed in the RECORD several pages from the fiscal year 1976 foreign aid assistance appropriations report of the Senate Committee on Appropriations. The pages of the report deal with the Inter-American Development Bank, and I believe they deserve to be made part of the record for this debate.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INTERNATIONAL FINANCIAL INSTITUTIONS: SALARY LEVELS AND OTHER BENEFITS

The United States has been a most generous contributor to those international financial institutions providing assistance to the less developed nations of the world. In fact, our country has been the leading contributor and supporter of these institutions since their inception.

Our support has been founded in the belief that many of the problems in the developing world require a multilateral solution. We have also supported the ideal of a multinational corps of trained professionals and administrators, established to direct this assistance without thought of national or personal gain.

In the harsh light of reality, however, many of our conceptions prove to be but empty shadows. We find that there are favored nations when development assistance is parceled out. We also find that many who are said to be dedicated servants of the poor receive unseemly compensation for their service.

These charges are not made lightly. This Committee has taken as a starting point the belief that those who seek employment with institutions having direction over contributions made to assist the poorest of the poor should be embarking on a career of public service. To be sure, executives and professionals in the employ of the international development banks are entitled to compensation commensurate to their services and adequate to the purpose of ensuring that the banks are able to attract highly qualified personnel. We do not deny this.

Nonetheless, our investigations have led us to the distressing conclusion that, rather than the rewards of a career of service, there is found in the banks a broad pattern of personal enrichment. The personnel management practices of the banks are suggestive of an institutionalized granting of lifetime sinecures where extraordinarily high salaries are commonplace and the pursuit of fringe benefits has been raised to a form of art.

On this and the following pages the Committee presents several tables indicating the salaries paid to certain administrators and professionals of the international development lending institutions.

ASIAN DEVELOPMENT BANK

Gross salaries of president, vice president, and alternate executive directors [1]

[In U.S. dollars]

Level	*Gross salary* [2]
President [3]	$51,500
Vice President	45,000
Executive Directors	[4] 38,500
Alternate Executive Directors	33,000

[1] These individuals may also receive a dependency allowance, for example $1,550 per annum for a family of four.

[2] As U.S. nationals are not reimbursed for U.S. federal tax payments, all ADB salaries are on a gross basis.

[3] Residence provided by ADB.

[4] Under the provisions of Section 3–B of the Asian Development Bank Act, the USED is entitled to compensation and allowances equal to those authorized for a Chief of Mission, Class E, within the meaning of the Foreign Service Act of 1946. The USED receives $1,500 per annum and a residence from the U.S. Treasury Department.

ASIAN DEVELOPMENT BANK

Professional salaries

[In U.S. dollars]

Level and responsibility	*Gross salary range* [1]
I. Other officer	$9,550–$21,715
II. Other officer	18,990– 25,530
III. Other senior officer	21,715– 29,220
IV. Senior officer	25,530– 32,725
V. Assistant director, manager or equivalent	29,220– 36,695
VI. Deputy director, or equivalent	32,725– 39,050
VII. Department director, or equivalent	36,695– 40,050

[1] Gross salary is defined as annual salary plus a dependency allowance for a family of 4 ($1,550). As U.S. nationals are not reimbursed for U.S. Federal tax payments, all ADB salaries are on a gross of tax basis. Salary ranges effective June 1, 1975.

THE WORLD BANK

Net and gross salaries of president, vice presidents, executive directors and alternative executive directors

[In U.S. dollars]

	Net salary	Gross salary [1]
President:		
Salary	60,000	114,060
Housing and representation allowance	16,000	-------
Senior vice president	52,900	98,280
Vice president (average)	41,735	73,870
Executive directors	43,500	77,400
Alternative executive director	34,200	56,730

[1] Gross equivalent salary is defined as net salary plus dependency allowance adjusted for Federal and State income taxes and for social security taxes. For purpose of these adjustments a family of 4 residing in the District of Columbia is assumed. Presidents expense allowance is in addition to gross salary. Standard deductions are assumed (dependency allowance: (1) for spouse, $500 plus 1½ percent of net salary over $10,000, (2) for child, $400.)

THE WORLD BANK

Professional net and gross equivalent salaries

[In U.S. dollars]

Level	Net salary ranges [1]	Gross equivalent salary ranges [2]
J	$13,440–$20,140	$18,530–$29,480
K	16,940– 24,400	23,920– 37,250
L	20,850– 28,890	30,780– 46,260
M	25,080– 32,880	38,580– 54,950
N	29,650– 36,960	47,740– 64,280
O	34,180– 41,490	57,840– 74,500
P	35,540– 42,700	60,950– 77,150
Q	38,960– 45,740	68,730– 84,050

[1] Ranges after last salary adjustment, Mar. 1, 1975 .

[2] Gross equivalent salary is defined as net salary, plus dependency allowances assuming spouse and 2 dependents, District of Columbia residence, and grossing up with standard deductions.

THE INTER-AMERICAN DEVELOPMENT BANK

Net and gross salaries of President, Vice President, Executive Directors, and Alternate Executive Directors

Level	Net salary	Gross salary [1]
President:		
Salary	[2] $56,475	-------
Expense allowance	16,000	-------
Executive vice prsident	46,000	$90,300
Executive directors	42,000	74,750
Alternate executive directors	33,000	54,850

[1] Gross equivalent salary is defined as net salary plus an average of $1,475 dependency allowance adjusted for Federal and State income taxes and for social security taxes. For purposes of these adjustments a family of four residing in the District of Columbia was assumed. Standard deductions are assumed. The President's expense allowance is in addition to net salary.

[2] The incumbent is not a U.S. citizen and thus the gross salary is not relevant; the incumbent is paid the net salary indicated. Dependency allowance assuming spouse and 2 dependents is included.

THE INTER-AMERICAN DEVELOPMENT BANK

Professional net and gross equivalent salaries

[In U.S. dollars]

Level	Net salary ranges [1]	Gross equivalent ranges [2]
IX	$10,970–$16,095	$14,900–$22,400
VIII	12,316–18,067	16,700–25,500
VII	13,853–20,433	19,000–29,600
VI	15,584–22,912	21,600–34,200
V	17,792–26,131	25,100–40,400
IV	20,287–29,710	29,300–47,600
III	23,246–33,607	34,800–56,100
II	26,525–35,273	41,100–59,800
I	30,091–36,719	48,400–63,000
Deputy managers	37,517–39,500	64,800–69,200
Managers [3]	38,500–41,500	67,000–73,600

[1] Range as of January 1976.

[2] Gross equivalent salary is defined as net salary, plus a dependency allowance of $1,475 both adjusted for Federal and Distrcit of Columbia income taxes (assuming 2 dependents and standard deductions) and for social security tax.

[3] Salary limited to $40,000 for Managers and $39,000 for Deputy Managers until June 1, 1976. Included in the Manager and Deputy Manager range are two individuals with the titles of Senior Manager and Senior Deputy Manager.

In reviewing these tables it is astounding to find that the President of the World Bank is paid an annual salary of some $114,060 (excluding certain additional benefits), an amount nearly twice the salary of the Secretary of the Treasury of the United States. Indeed, even a Division Chief in the World Bank may receive more for his services than our own Treasury Secretary.

It was even more astounding for the Committee to learn recently that a former assistant secretary of the Treasury (who left that position to assume his duties as an executive director of the World Bank) found that overnight his annual gross salaried income had increased from the $38,000 he earned as an official of the United States Government to the $74,060 paid to executive directors by the World Bank.

The Committee, in citing these instances, does not seek to embarrass individuals, nor do we wish to question their individual qualities. What we do question, and what must be an embarrassment to these institutions, is the perpetuation of a system providing unparalleled pay and allowances to those whose primary purpose is to assist the poor and needy peoples of the world. By its excesses, this system, in our opinion, denigrates the spirit of international cooperation and concern which underlies contributions to the banks.

The Committee is not alone in voicing its concern with these excesses. The following letter sent by Secretary Simon to World Bank governors records the Treasury Department's concern with unrestrained salary growth:

APRIL 13, 1975.

DEAR MR. GOVERNOR: I am writing to you in your capacity as governor for (host government) to express my government's serious concern about the proposals for large salary increases in the World Bank and the International Monetary Fund. I am fearful that the proposed compensation increases will undermine public and legislative support for these institutions in member countries and I urge your government, through its representatives on the respective boards of directors, to join the United States in seeking to exercise a greater degree of restraint in the upcoming compensation adjustments.

The salary issue has grave implications that transcend the immediate compensation question. At a time of worldwide economic difficulties it is especially important that publicly financed organizations reflect an appropriate sense of austerity. For the IMF and the World Bank now to give large salary increases, particularly at the higher levels, would be most untimely. During the next year member governments in all likelihood will be asking their legislatures to approve substantial quota increases and to concur in changes in the IMF articles. In addition, contributions to the IDA and other international development institutions require parliamentary approval. With many of our economies facing retrenchment we cannot afford the risk of unfavorable public reaction to salaries seen as excessively high. Therefore, the United States will propose that any overall increase in IBRD/IMF salaries be limited to no more than 5 percent. We will strongly urge a freeze on all salaries above US $30,000 net-of-taxes (approximately $47,000 gross) including salaries of executive directors and alternates. We will also urge a tapered increase on salaries below the freeze level. I hope you will be able to support either this proposal or one along these general lines, including at least a freeze at the higher levels with considerable tapering below that.

The United States believes that the salary levels of these institutions should bear a reasonable relationship to the governmental salary levels of member governments if these institutions are to avoid serious criticism. As the result of past adjustments, employees, in these organizations enjoy salaries which substantially exceed those of all member country governments. The low voluntary resignation rates and extraordinary high ratios of applicants to vacancies in these institutions confirm in our view that the large salary increases which have been proposed are not required to maintain the competitiveness or operational efficiency of these institutions.

I hope that, because of your concern for the future of these important organizations, you will seriously consider our proposal. The political consequences of substantial salary increases for staff of organizations intimately involved with the issues of poverty, income distribution, and monetary stability, could be most detrimental to these organizations and ultimately to their member governments.

I would appreciate any observations you may have on this matter and my executive directors will be in close contact with your representatives.

Sincerely yours,

WILLIAM E. SIMON,
U.S. Governor, IBRD/IMF.

In our investigations over the past year the Committee found that this lack of concern with the provident management of the

banks' resources as reflected in their salary schedules, extends to the provision of a variety of special allowances. United States Government travel regulations specify that, with certain limited exceptions. In the banks we found quite a different regimen.

The Committee found, for example, that 22 officials of the Asian Development Bank and 23 officials of the Inter-American Development Bank are authorized to travel in first-class accommodations. The World Bank authorizes first-class travel for *all* of its employees traveling to Africa, Asia, or southern Latin America. In each of these institutions substantial cost savings could have been realized had ecoomy class instead of first-class been used for business travel. The most costly expenditure was that of the World Bank which could have saved $1.3 million to $1.5 million during the period July 1, 1974, through June 30, 1975.

In normal times, expenditures for most first-class travel are, at best, difficult to justify; in these times of financial constraint, they become, especially for organizations engaged in development, the hallmark of a bureaucracy insensitive to the growing disparity between rich and poor. The Committee suspects that the banks, when pressed, are at a loss to explain this lack of sensitivity and the continued imprudent use of monies they hold in trust. We suggest that the banks demonstrate a commitment to frugal and prudent management by barring such luxury expenditures in the future.

Perhaps the most flagrant misuse of contributions made to help the poor is found in the banks' use of these contributions to finance travel by spouses of their employees. While in the Asian Development Bank only the wife of the President is authorized to travel at Bank expense, the Inter-American Development Bank and the World Bank each have employee benefit systems which provide for Bank financing of travel by guests of all employees. Under these systems the Bank employee earns points for each working day spent outside the United States on Bank business. When sufficient points have been accumulated, the Bank will also pay subsistence expenses for the guests. During the period January 1, 1974 to September 30, 1975 these banks spent $740,241 on travel and subsistence costs of guests.

The Committee has, on several occasions, requested detailed reports on the expenditure of World Bank and Inter-American Development Bank resources to cover the cost of travel and subsistence for spouses of employees. The two Banks refused to honor the Committee's request, which was made through the U.S. Treasury Department. However, Treasury officials have made summary information available to the Committee. In abbreviated form, this information identified the following expenditures which we believe to be excessive:

WORLD BANK

During the period January 1, 1974 through September 30, 1975 the Bank funded 268 trips by spouses; 224 involved only the cost of transportation and 44 both transportation and subsistence. Of those trips involving only transportation, the average cost of the 22 most expensive was $3,497. Of those trips involving both transportation and subsistence, the average cost of the four most expensive was $4,749.

INTER-AMERICAN DEVELOPMENT BANK

During the calendar year 1974 the Bank funded 76 trips by spouses with the average cost of the 8 most expensive trips being $1,721. During the 9 month period January 1, 1975 through September 30, 1975 an additional 52 spouse trips were funded. The five most expensive of these averaged $1,768.

The Committee is unable to reconcile the expenditure of these funds with the mission of the banks. It may be argued that in relation to the total volume of the banks' business these costs are small. That may be true, but, in this case, small is not insignificant.

The international financial institutions are not self-sustaining institutions. Each requires periodic replenishments of capital resources to continue financial operations. And, herein lies the significance of the abuses we have identified in the banks' personnel management practices.

The ability of the banks to carry the promise of economic change to the developing world is largely dependent upon their prestige and authority. With regard to the banks, prestige and authority must be measured in terms of the trust recipient countries place in the advice of the banks and the assurance contributors have that the banks will use their resources in the most effective manner.

It is the opinion of the Committee that the interlocking systems of high salaries and extraordinary fringe benefits threaten to undermine the prestige and authority of the international financial institutions. There is the danger here of a breach of faith between contributors, recipients, and the banks' secretariats. It is a danger which the banks ignore at their own peril.

As a footnote to this section, the Committee presents the following tables. Management studies have often used personnel turnover rates as guides to the health of institutions. Analysts have found that excessively high turnover rates *or excessively low turnover rates* are indicators of management problems. The Committee has spoken of lifetime sinecures; the tables speak for themselves.

TURNOVER RATES AND APPLICATIONS/VACANCY RATIOS

	Turnover rate (professional staff)		Applications/vacancy ratio (professional staff)	
	1974	1975	1974	1975
World Bank	9.7	9.1	[1] 30.0 [2] 2.1	[1] 35.0 [2] 2.0
Inter American Development Bank	9.2	6.1	26.1	45.1
Asian Development Bank	12.7	8.5	35.0	44.0
International Monetary Fund	9.3	7.6	20.0	18.8

[1] This ratio reflects the gross applications per vacancy prior to prescreening.
[2] This ratio reflects the number of viable candidates per position who have passed the prescreening process of the Recruitment Division.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD some material in connection with my discussion of this bill.

There being no objection, the material was orderd to be printed in the RECORD, as follows:

H.R. 9721—MONEY

The $2.25 billion authorization involves only a $745 million eventual expenditure over a four year period.

What is being considered in this bill is actually four categories of figures: authorization, appropriation, eventual outlays and actual disbursements. The requests are for a four year period. The overall figures are:

Authorization, $2.27 billion.

Appropriation, $1.3 billion.

Eventual Outlay [IDB $720m+Africa $25m] $745 million.

FOR FY 1976 THE FIGURES ARE

Appropriations request, $265 million.

Eventual outlay of FY 1976 funds, $65 million.

Actual disbursement of FY 1976, less than $10 million.

The chief reason for the differences in these figures is that a large portion, $1,530 million, is for callable capital which simply provides security for the IDB to borrow money on the commercial markets. Only part, $600 million, of this callable capital requires appropriations because legally the bond issues it backs require this. Bond issues backed by the other portion of callable capital (inter-regional) will not include this limitation. Therefore, appropriations are not being sought for this portion ($930 million) of the authorization.

In the history of all International Financial Institutions in which the United States participates, callable capital has never been called—has never resulted in an actual payment from the United States to the banks. It is highly unlikely that this would ever happen unless the world economy collapsed. If this should happen, then the callable capital which has not been appropriated would need to be appropriated before it could be paid out. There is no element of backdoor financing here.

For budget purposes the important figure is the $745 million which will eventually be available to be paid out to the banks. Availability of these funds will occur in yearly installments of:

(In millions)

1976	$65
1977	240
1978	240
1979	200
Total	$745

In three of these years the appropriations request will also include funds for callable capital which will not be paid over. Thus appropriations requests are:

(In millions)

1976	$265
1977	440
1978	440
1979	200
Total	$1.345

The rate at which these monies actually leave the U.S. Treasury (disbursement) is much slower since availability is indicated by letters of credit. These letters result in actual payments only as the funds are required. Thus in 1976 the actual disbursement will be less than $10 million. (This is an important point to stress because the budget committee is concerned about the actual rate of disbursements, i.e., actual cash outlay during 1976.)

BENEFITS TO U.S. TAXPAYERS

To those who claim that this bill does not benefit taxpayers, because it is essentially foreign assistance, it should be noted that the United States does benefit in economic terms both directly and indirectly.

1. Direct Benefits:

IDB purchases in the United States have equaled $1 billion by 1975.

It is expected that this bill will make possible another 1.5 billion in U.S. purchases.

Jobs: IDB activities in the U.S. have resulted in 800,000 person-years of employment. New money is expected to provide an additional 55,000 person-years.

IDB administrative activities in Washington have generated income for U.S. citizens of $875 million.

2. Indirect Benefits: Participation in the IDB helps our relations with Latin America which helps our trade and investment opportunities there.

Roughly 15% of U.S. trade which is currently registering a surplus is with Latin America. In 1974 alone this generated 700,000 person-years of employment.

Fifteen percent of U.S. direct investment abroad is in Latin America. This is 60% of total U.S. investment in developing countries.

Latin America is a key source of raw materials—including oil.

IMPORTANCE OF IDB IN LATIN AMERICA

The United States has a historic political and economic interest in and involvement with Latin America. In a time of political tension between the underdeveloped world and the industrialized nations the maintenance and improvement of relations with our Latin American neighbors has never been more important. At present, close to one-sixth of all U.S. trade is with Latin America. Moreover, the region serves as an important source of investment opportunities and raw materials.

U.S. ECONOMIC RELATIONSHIP WITH LATIN AMERICA IN GENERAL

1. Aggregate Trade Surplus: $1 billion.

a. Exports: $15 billion or 15% of total in 1974.

b. Imports: $14 billion or 14% of total in 1974.

2. Direct Investment Abroad: $15 billion or 14% of total. 60% of total in developing countries. Largest recipient outside Western Europe.

3. Source of Raw Materials: Important source for key commodities, among them: iron ore, copper, petroleum, bauxite, sugar, and coffee.

4. Employment Impact:

a. U.S. Exports to Latin America generated 700,000 person years of employment in U.S. in 1974.

Since its establishment in 1959, the Inter-American Development Bank (IDB) has been a major component of our Latin American policy. The Committee on Foreign Relations has consistently urged support for U.S. participation in the Bank because it represents the type of mutual cooperation which should be at the heart of our hemispheric system. U.S. membership in the Bank is a concrete expression of commitment to the economic and social development of Latin America. Furthermore, the Bank contributes directly to the United States economy in terms of both procurement and employment creation.

IMPACT OF THE IDB ON THE U.S. ECONOMY

1. Programs to Date: Cumulative procurement from the United States of $1 billion. Employment creation of 36,500 person-years.

2. Future Programs: The $6 billion replenishment should make possible: Procurement from the United States of $1.5 billion. Employment creation of 55,000 person-years.

3. Administrative Expenditures: Cumulative direct expenditures in the United States have accounted for: Employment creation of 43,000 person-years. Income generation of $875 million.

DEVELOPMENT NEEDS

Fortunately, economic development in Latin America appears to be succeeding and the IDB is playing an important role in that success. The past quarter century has seen a number of important development successes. GNP in Latin America as a whole had been growing at almost 7% per annum in real terms. Since 1960, value added in manufacturing in the region and installed electrical capacity have tripled, and primary school enrollments have quadrupled.

Nevertheless, in spite of the progress achieved, half the population of Latin America still has a daily calorie intake below minimum requirements; more than a third of the primary school-age population is without education facilities or unable to attend school; a quarter of all adults are illiterate; 40% of urban households lack potable water; and infant mortality in Latin America is 80 per 1000 live births as compared with 19 in the United States. Agricultural production, although still involving 40% of the labor force, is expanding only slightly faster than population.

Although the development task in Latin America is well begun, there is still much to be done. Latin America will require an expanded flow of external finance over the next several years to maintain its development momentum. The region still includes a sizeable group of poor countries needing access to a substantial flow of concessional resources. Moreover, several major sectors of regional economic and social development are lagging far behind in some countries and need preferential attention. I believe that the IDB has been, and will continue to be, an important instrument in the effort to alleviate these problems.

U.S. participation in the current IDB replenishment is essential, not only to maintain the U.S. commitment to and participation with Latin America in areas of mutual concern, but also to demonstrate our continuing support for Latin development efforts.

SUPPORT FOR IDB FROM THE PRIVATE SECTOR

A number of outside groups have also indicated their support for the IDB and this replenishment. For example:

AFL–CIO

"The AFL–CIO supports these contributions (to the IDB) . . . because the U.S. as the richest nation on earth has both an interest in successful development of the poorer nations and an obligation to assist them in their endeavors."

Interreligious Task Force

"The Inter-American Development Bank and particularly the African Development Fund are designed to assist the rural poor in developing countries, especially in agricultural projects and programs. In contributing to their work, the United States joins with other nations to impact the problem of world hunger and malnutrition in a direct and cooperative way. The proposed funding levels appear to us to be reasonable, given the magnitude of the needs and relative resources and responsibilities of the United States to assist."

U.S. Chamber of Commerce

The Board of the U.S. Chamber of Commerce officially "1) Supports participation in the replenishment of the Inter-American Development Bank with U.S. paid-in contributions of $720 million over a three year period and 2) approves the proposals to admit non-regional donor countries into the bank. The Chamber regards support for the IDB as practical in both economic and political terms. Economically it works and seems to be a sensible and practical approach to development assistance. It has direct benefits for American business. Our 48,000 firms have specific evidence of the positive impact of IDB activities on their operations and in improving the climate of good will toward them in Latin America."

Council of the Americas (composed of leading U.S. companies investing in Latin America)

"The Council of the Americas is in support of the appropriations for the Inter-American Development Bank. It recognizes the dynamic role the bank has played in the decade of the 1960s in providing Latin America with credits needed to help make the agricultural and industrial sectors viable. The IDB provides the assistance necessary for the many projects without which private industrial undertakings would not be economically feasible. The Council is acutely aware of this since its membership represents 90% of U.S. investment in Latin America.

STATEMENTS OF SUPPORT FOR THE IDB

(Mail Gram from Henry Fowler—Mar. 30, 1976.)

The following message relates to Senate consideration of HR 9721 to increase U.S. participation and support of the Inter-American Development Bank. I have observed at close range the operation of the IDB for the last decade as the U.S. Governor of the Bank, in my capacity as Secretary of the Treasury from 1965–1968, and for the last several years as a partner in an investment banking firm which acts as an underwriter and co-manager of the bond offerings of the IDB in the U.S. capital market. It is a well managed institution which has earned the respect and high regard of financial institutions in this country and throughout the world. It is effectively discharging its chartered responsibilities as a joint banking enterprise of the governments of the Western Hemisphere in providing credit for sound and useful projects in Latin America on reasonable terms. The increased support by the U.S. government together with the authorization of the U.S. government to vote for amendments to the charter to admit non-regional nations from Western Europe and the Far East to contribute to the provision of capital greatly needed for Latin American development will broaden the base of this public multinational bank which is playing the key role in the continuing struggle for progress in this important part of the world which is so vital to our national interest.

FROM DAVID ROCKEFELLER OF CHASE MANHATTAN BANK

(Telegram sent to Honorable Hubert Humphrey)

The Chase Manhattan Bank certainly supports the increase in the United States contributions to the Inter-American Development Bank. We feel that it is a sound institution which plays a very substantial role in the development process of Latin America and that it indeed merits the support of the United States.

Sincerely,

DAVID ROCKEFELLER,
Chairman, Chase Manhattan Bank.

INTER-AMERICAN DEVELOPMENT BANK,
Washington, D.C., March 26, 1976.

The following telex was sent today by Wells Fargo to Hubert Humphrey.

This telegram is to express our support of the HR 9721 the bill to authorize increased U.S. participation in the Inter-American Development Bank. (IDB). We consider the IDB to be a well managed, effective international organization which has *worked effectively with the U.S. banking community.* Thus, we *strongly urge Senate passage of the bill.*

ROBERT N. BEE,
Senior Vice President,
Wells Fargo Bank.

INTER-AMERICAN DEVELOPMENT BANK,
Washington, D.C.

From the First National Bank of Chicago, Chicago, Illinois, March 29, 1976.

Hon. HUBERT H. HUMPHREY,
Chairman, Foreign Assistance Subcommittee, Foreign Relations Committee, The Senate, Washington, D.C.:

I urge you most strongly to give your support and to seek passage of H.R. 9721 au-

thorizing increased U.S. participation in the Interamerican Development Bank.

The First National Bank of Chicago has actively participated with the Interamerican Development Bank in a number of situations in developing countries in Latin America. We believe that the bank plays a very important role in the development of countries friendly to the United States in this hemisphere. In our opinion the bank effectively managed and controlled by an excellent staff. Their approach of development loans is one which shows a considerable degree of professional investigation of the benefit of the loan to the recipient country and to the creditworthiness of the specific project.

It is our belief that the economic development of Latin America is in the clear interest of the United States and that the Inter-American Development Bank in its activities is a major contributor to sound economic development in Latin America, especially because of the requirements for reasonable economic policy advocated by the bank.

Sincerely yours,

WILLIAM J. MCDONOUGH,
Executive Vice President, International Banking Department.

NIGHT LETTER FROM KENNETH A. RANDALL, CHAIRMAN OF THE BOARD, UNITED VIRGINIA BANK, RICHMOND, VIRGINIA

MARCH 30, 1976.

I would like to endorse H.R. 9721 inncreasing U.S. participation in the Inter-American Development Bank and hope and request favorable consideration of this bill. Having been involved with this institution for 12 years, I have been greatly impressed with their program for improvement of the economic well-being of the citizens of Latin America. This is particularly true with regard to the financing of infrastructure which has led to improvements in the standard of living of these people.

The Inter-American Development Bank is well run in my view from both the U.S. and the Latin American side. My personal involvement in their programs includes lecturing at their sponsored school, Intal, which has been used to forward Latin American integration.

United Virginia Bank Shares is particularly pleased to support this legislation.

Mr. HUMPHREY. Mr. President, if the Senator from Virginia is prepared to yield back the remainder of his time, I am prepared to yield back the remainder of my time.

Mr. CASE. This is on the amendment?

Mr. HUMPHREY. This is on the bill.

Mr. CASE. I understand that the Senator from South Carolina wishes to offer some amendments. Therefore, I ask that the Senator withhold yielding back his time.

Mr. HUMPHREY. We did not have any such indication.

I yield first, then, to the Senator from Maine.

The PRESIDING OFFICER. Yielding back time on the bill will not preclude time on amendments.

Mr. HUMPHREY. I yield on my time to the Senator from Maine, and then I will yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I make this statement on the budget implications of the pending measure.

Mr. President, H.R. 9721 would accomplish two purposes: It would authorize continued U.S. participation in the Inter-American Development Bank and initial U.S. participation in the African Development Fund. Both of these organizations are part of a network of international financial institutions that provide the United States and other industrialized nations a means to participate in the economic development of the poor countries.

The Inter-American Bank supports a broad range of development throughout Latin America. Its conventional loans, largely obtained through borrowing in private financial markets, fund income-generating projects in the agricultural sectors. Concessional loans to the poorest countries finance social and economic infrastructure programs, such as rural development, education, housing, and technical assistance. The bank encourages integration projects which benefit more than one member country.

This bill would authorize a total U.S. participation of $2.25 billion in the fourth replenishment of the resources of the Inter-American Development Bank over the 4-year period fiscal year 1976 through fiscal year 1979. Of this amount, a total of $1.32 billion is expected to be appropriated. Some $720 million of appropriated funds would be paid in and would eventually result in outlays, while $600 million would be appropriated for ordinary callable capital which under normal operations should not result in outlays since these funds are designed to provide backing for the bank's borrowing in the private capital markets.

The remaining $930 million is for new callable capital that is separate from the bank's ordinary callable capital. This separate callable capital subscription, which includes European and Japanese contributions, would be backed, on the basis of this authorization, by the full faith and credit of the United States, but no appropriations request for this amount is anticipated unless an unprecedented default occurs.

The bill would also authorize an initial U.S. contribution of $25 million to the African development fund in fiscal years 1976, 1977, and 1978, which would be paid in and thus result in outlays.

In fiscal year 1976—the first year covered by this bill—budget authority of $240 million for the Inter-American Bank contribution and budget authority of $25 million for the African Development Fund contribution are expected to be appropriated. The Inter-American Bank funds spend slowly and outlays this year are estimated to be only $2 million. The African Development Fund appropriation would be spent over a 3-year period, with fiscal year 1976 outlays of $9 million.

Leaving aside the callable capital portions which are not likely to cause outlays, this bill involves a $745 million commitment of U.S. resources over the next several years, even though the fiscal 1976 outlay amounts are small. While the Appropriations Committees have stressed that the levels authorized do not bind future Congresses as to appropriation levels—and while the Appropriations Committees have in recent years cut or stretched out the appropriations under authorizations such as this—I would point out that tremendous pressure is put on the Congress to fund fully these commitments which have been negotiated unilaterally by the executive branch without congressional involvement.

We should therefore recognize that if Congress declines to appropriate fully the administration's requests for this bill this year, the unfunded remainders will likely appear again as budget requests in following years. And the outlays resulting from these appropriations—particularly in the case of the Inter-American Development Bank—normally extend for several years beyond the formal replenishment period. Thus passage of this bill represents a significant commitment of Federal funds over a considerable period of time.

I want to turn now to the condition of the overall fiscal year 1976 budget. During consideration of the recent foreign assistance appropriation bill, I said the second budget resolution ceilings adopted by Congress last December may be exceeded by $4.9 billion in budget authority and $300 million in outlays if all the additional legislation that may materialize during the remainder of the fiscal year were enacted and fully funded. Major pieces of legislation still to be considered are:

District of Columbia appropriations.

Supplemental requirements for programs already authorized.

Energy, health, and veterans' legislation.

Public service jobs, summer youth, and other legislation in the education, manpower, and social services area.

Public works and antirecession assistance requirements, all of these programs, as well as the one presently under consideration, were assumed in the second concurrent budget resolution.

There are, however, two factors which contribute to the pace at which we are approaching the ceiling of the second resolution. First, the assistance to New York City was not assumed in the second resolution because that matter was not settled at that time. Since then, spending legislation amounting to $2.3 billion in budget authority has been enacted by Congress to aid New York. Second, our problem is compounded by the fact that the administration had inadequately estimated the cost of existing programs, and therefore we are faced with increases in budget authority beyond our control.

I expect, within the next few days, Mr. President, to be able to give the Senate an up-to-date, current figure on the reestimates, which are always a part of the budget process at this point. There has not been excessive spending on the part of Congress.

The budget authority and outlays contemplated in the Inter-American Development Bank authorization bill are consistent with the second resolution. Nevertheless, we must keep in mind that if we vote in favor of the bill, some other priority item may be crowded out later unless we are willing to increase the ceiling on budget authority.

I plan to vote for this bill because it represents a continuation of a major 15-year-old U.S. commitment to the well-being of this hemisphere. This commitment cannot be taken lightly. I support

the bill, however, with the knowledge that the multiyear appropriation requirements for these programs will have to be considered in light of total budget priorities and availabilities as determined by existing and future budget resolutions.

Mr. WILLIAM L. SCOTT. Will the Senator from Minnesota yield briefly to me?

Mr. HUMPHREY. How much time does the Senator want?

Mr. WILLIAM L. SCOTT. Just a minute or two.

Mr. HUMPHREY. I gladly yield.

Mr. WILLIAM L. SCOTT. I appreciate the Senator's yielding.

Mr. President, I rise briefly to express my opposition to the bill. There is some indication that a request will not be made for a rollcall vote, but when we have a roughly $600 billion national debt and we are paying interest at the rate of roughly $40 billion a year, I cannot find myself voting in favor of a measure which, according to page 26 of the report, would authorize the appropriation of $1.345 billion. I want the RECORD to show my opposition. Should there be a rollcall vote, I, of course, will vote in opposition to the bill.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. I wish the RECORD to show, that if a vote were taken on this measure, the Senator from Virginia would vote in the negative.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an amendment, as follows:

On page 8, beginning with line 1, strike out through the rest of the bill.

Mr. HELMS. Mr. President, I ask unanimous consent that the distinguished Senator from South Carolina (Mr. THURMOND) be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I ask unanimous consent that Mr. Rom Parker of my staff be accorded privileges of the floor during discussion of this measure and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, this amendment would strike all of title II of H.R. 9721, now before us for consideration. Title II, the so-called African Development Fund, is a new foreign aid program calling for an initial authorization of $25,000,000. The Development Fund would be administered by, and through, the United Nations.

Mr. President, I am, and always have been, totally opposed to sending around the world the hard-earned tax dollars of the American people. I have never been satisfied that foreign aid, relative to its enormous cost, has ever aided anyone, especially the people of the United States. Too often, foreign aid has benefited only the corrupt officials and politicians of nations lacking minimal standards of governmental integrity, never reaching the people it was designed to benefit. Too often, the aid merely helps to prop up incompetent regimes, which have brought about their own economic demise by being seduced by Socialist and Marxist economic systems.

Since 1946, the United States has disbursed $170,303,600,000 in foreign aid grants, paid $115,575,500,000 in interest on the money borrowed to make these grants, for a grand total cost to the American taxpayer of $285,879,100,000 of the taxpayers' money.

I would point out, Mr. President, that this total sum amounts to just about half of the existing Federal debt of nearly $600 billion.

But, Mr. President, whatever arguments might be made in favor of some foreign aid programs, whatever programs there might be to which one might point to even a partial success, the African Development Fund is certain not to fall into such a category.

African governments are notoriously corrupt; for the most part they have opted for Socialist economic systems; in many cases they have expended their energies on tribal warfare and other struggles for power and personal aggrandizement. There is no evidence indicating they will use the money wisely or efficiently.

I note with regret that the administration supports the African Development Fund. Similarly, we heard appeals not too many months ago seeking aid for Angola to fight the very government which presumably will be one of the recipients of this amorphous development fund. At present, the Secretary of State is issuing dire warnings to African and other governments concerning further aggression on the African continent.

Yet this same Secretary of State wants us to aid these same nations he is warning. Let us not be naive, Mr. President. These funds may be labeled "development funds," but the money that goes into economic development only frees other available moneys to procure military hardware. When an individual, Mr. President, attempts his own self-destruction, we put him in a mental hospital and call him a psychopathic masochist. What about a nation which does likewise? It is a sobering thought.

I voted against the Angolan aid. I stated at the time that if and when this Congress and this Government decide to really resist the spread of communism, I would wholeheartedly support the effort. Sooner or later we are going to have to face up to the challenge, and this Senator has long argued that the later it is, the harder it will be. But as long as we are engaging in half-hearted and contradictory responses, using our left hand to cut off our right hand to save the face of those who have staked their political reputations on "détente," "rapproachment," "peaceful coexistence," "peace through strength" or whatever is the current euphemism for appeasement, then this Senator can see no point in wasting the taxpayers' money on such obvious exercises in futility.

This bill, Mr. President, not only proposes to pour money into such areas and under such circumstances that it can do little good—it is administered, mind you, not by the elected representatives of the American taxpayers who are footing the bill, but by the United Nations—the same United Nations which has earned the disapprobation of all thinking people for its irresponsibility and its disregard for the elemental standards of morality and decency of the civilized world and our Judeo-Christian heritage.

When we give an account of our stewardship not only to our constituents, but to history, as we all must eventually do, de we want to have it recorded that we spent our Nation into bankruptcy supporting such things as Ugandan corruption or Angolan Marxist revolution? I think not, Mr. President, I would like to think that rather it will be recorded that the adoption of this amendment was a first step back to restoration of sanity in both our fiscal and foreign affairs.

I reserve the remainder of my time.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. HELMS. I would be delighted to yield.

Mr. WILLIAM L. SCOTT. Mr. President, I would like to commend the distinguished Senator from North Carolina on his amendment.

I spoke very briefly just a few minutes ago expressing the opinion that when we had a national debt approximating $600 billion, and when interest on that debt cost us roughly $40 billion annually, it did not seem that we should pass legislation that would cost in appropriations $1.345 billion as indicated on page 26 of the report.

The distinguished Senator would strike out the second title in which the United States, for the first time, would be participating in an African Development Fund.

I commend the distinguished Senator for his effort to at least reduce the amount of this bill.

I ask to be recorded as being opposed to the whole bill, but certainly it would become more palatable with the elimination of title II in which we would participating in an international development fund for Africa for the first time.

The distinguished Senator is doing something in the interests of the American people.

Now, this money we are talking about appropriating is borrowed money. We are going to borrow money and give it away.

I had a poll of the people in the State of Virginia, and 92 percent of the people of Virginia said they wanted a balanced budget. You cannot have a balanced budget by giving money away to people all over the world in the manner that is proposed in this bill.

The distinguished Senator deserves considerable credit for acting in the interests of the American people.

I ask the Senator to add me as a cosponsor of this amendment.

Mr. HELMS. I thank the distinguished Senator for his generous remarks.

I ask unanimous consent that the able Senator from Virginia (Mr. WILLIAM L. SCOTT) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I reserve the remainder of my time.

Mr. HUMPHREY. Mr. President, let me just say, in response to the able Senator from North Carolina, that there are a couple of features in title II which, I think, will be of some consolation to him. I know his sincere conviction about the Fund and about these investments or these appropriations, and I surely respect his point of view.

First of all, under the African Development Fund which, by the way, is $25 million spread over a 3-year period, the Governor of that Fund, representing the United States, shall be there on the instructions of the President and cast his vote according to those instructions. That is No. 1.

I mentioned to the Senator the amounts which, of course, the Senator knows, and it is spread over a 3-year period, $25 million—$9 million the first year, and $8 million the second and $8 million the third.

But I think the other part that must be at least somewhat reassuring to the Senator is that in evaluating some of the actions of the recipient countries—for example, the Senator mentions countries that have engaged in terrorism, gross violation of basic human rights, and so forth—Congress itself can require the Governor, the U.S. Governor, of the Bank to submit in writing information demonstrating that any loan or assistance will directly benefit those persons in such countries to which such loan or assistance is supposed to be directed, and that it is not being used directly by a government for its own enhancement.

Also Congress itself shall give—in permitting any action on these loans through its instructions to the Governor in the Bank—consideration to the extent of cooperation of such country in permitting an unimpeded investigation of alleged violations of internationally recognized human rights.

Now that, along with the Domenici amendment on countries harboring terrorists, I think, gives us some basic protection.

I understand what the Senator's concern is about some countries. We have discussed this privately. But I would only hope my colleagues would see fit for us to participate in the African Development Fund.

People have strong views here about these measures. Not all of them are what we would like them to be. The Government of the United States has been exceedingly generous over the years, as has been noted by some of my colleagues here.

But I have to say to the Senator that much as I, on occasion, like to accommodate his wishes, and as much as I recognize the power of his argument in this instance I must oppose him on this particular amendment because it would strip from the bill a very important feature. Even though the amount is not much, it is a very important feature.

I feel very strong, after the hearings we have held, that this fund is meritorious. Particularly with the provisions we have placed in the bill, this is not an open end business. The funds will not just go out willy-nilly to anybody. We require the Governor who represents our country to make reports systematically to the Congress. We in the Congress reserve the right to prevent the issuance of those funds.

On that basis, I have to oppose the Senator.

Mr. HELMS. Mr. President, it may be that some accommodation can be achieved between the able Senator from Minnesota and the Senator from North Carolina. I wonder if the Senator would object to my asking unanimous consent that this particular amendment be set aside momentarily while I proceed to another?

Mr. HUMPHREY. I have no objection to that.

Mr. HELMS. I make such a request, Mr. President.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

Mr. President, I have a second amendment which I send to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an amendment:

At the appropriate place, insert the following new section:

"SEC. ( ). None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda; and none of the funds authorized to be appropriated under Title II of this Act shall be contributed to the African Development Fund during any period that such Fund is making any grants to, loans to, or otherwise using the corpus of such Fund for the benefit of the nation of Uganda, or while any such grants, loans, or benefits are outstanding.".

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. HELMS. I thank the Chair.

Mr. President, I ask unanimous consent that the distinguished Senator from South Carolina (Mr. THURMOND) be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

Mr. President, this amendment is designed to prohibit the use of the $25 million contribution the United States will be making to the African Development Fund, directly or indirectly, to aid the nation of Uganda. This amendment is not aimed at the people of Uganda, who, I am sure, are like people everywhere, striving to lead fulfilling and peaceful lives. But as we are all well aware, Uganda is currently run and controlled by Idi Amin, whom the former United States Ambassador to the United Nations correctly described as a "racist murderer," a term, I might add, that was endorsed by the President of the United States.

Time will not permit me to list all the outrages committed by Mr. Amin. Suffice it to list but a few: First, it has been estimated that 25,000 to 250,000 Ugandans have been murdered since Amin seized power in 1971; second, he has called for the extinction of the State of Israel; third, he has stated that Zionists have infiltrated the CIA and turned it into a "murder squad"; fourth, he has expressed gratitude to the Soviet Union and Communist China for their involvement in the internal affairs of Africa; fifth, he has executed the Chief Justice of Uganda; murdered, beaten, and tortured many of his political opponents, and expelled some 60,000 Asians by racist decrees. These facts have been documented clearly, Mr. President, by unaffiliated organizations such as the International League for the Rights of Man and the International Committee of Jurists and Amnesty.

Here is the point, Mr. President. Does anyone in this body or anywhere else in this country believe that any so-called foreign aid money given to Uganda will end up doing little more than propping up the regime of Mr. Amin? Do we seriously consider that any money taken from the pocketbooks of the American taxpayer—and I dare say against his will—will do any more than finance Mr. Amin's high style of living?

Mr. President, I offer just one example. I note that last fall Mr. Amin personally dedicated a plot for a $45 million Ugandan mission building at the U.N.; $45 million is 2.8 percent of the Ugandan gross national product, equivalent to the United States spending $43.6 billion on such a mission. Surely, if Idi Amin must pamper himself with such extravagances, we do not need to subsidize it with the earnings of hard-pressed American taxpayers.

The African Development Fund is relatively new, and so far, Mr. President, I am gratified to learn that Uganda has not yet received any of the funds. In short, Mr. President, this amendment is designed to keep it that way, at least so far as the American taxpayers and their money are concerned.

I hope the distinguished manager of the bill will accept this amendment.

The PRESIDING OFFICER. Who yields time?

The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I know the strong feelings the Senator has in reference to Uganda and Mr. Amin, the leader of that country. It is very difficult to argue for this kind of action.

It is very difficult for anyone to say our Government wants to make any contribution to that kind of leadership and that kind of government.

I think if the Senator will bear with me, he will notice that the language in the bill itself really takes care of this.

It says that in determining whether or not a country falls within the provisions of subsection (a)—and we are talking here now about voting against loans—the subsection says that the U.S. Governor of the fund is authorized and directed to cause the executive director representing the United States to vote against any loan, or any extension of financial assistance, or any technical assistance, to any country which engages in a consistent pattern of gross violation of internationally recognized human rights.

Surely, the Government of Uganda is engaging in that. I think the Senator and I agree on this.

I also say to the Senator that the legislative history we can build here can be most helpful because there may be other countries which would fall into this category. I know the Senator feels this is an atrocious example, and I find myself in full agreement with that. But I believe that the language we have in section 211 covers it.

I would like to have the discussion about this amendment the Senator from North Carolina has offered to become specific legislative reference and legislative history to section 211, subsection (a). I believe what we have in section 211 is blanket coverage. A broader sweep of power relating to more than just one country.

I hope the Senator will see the importance of leaving in the bill what we have here and not being specific in the sense of naming a particular country. Rather, we could rely on our legislative history and watch what the future offers.

There may be another country that permits actions as gross, vile, and cruel as those that have taken place in Uganda.

Mr. HELMS. Mr. President, I understand the reasoning of my friend from Minnesota, even though I do not agree with it. I know he feels the same way I do about the outrageous conduct of Mr. Amin. The Senator from Minnesota is a gentleman, and he is a compassionate man. He knows a tyrant when he sees one—and that is precisely what Idi Amin is. Thus it seems to me that the able Senator should be willing to join me in locking the barn door before the horse gallops out, and millions of the American taxpayers' dollars are handed to Mr. Amin.

Why not nail the door shut and let us flatly say: no money to this corrupt regime? We can always give money but we cannot get it back once it has been handed out. To be honest about it, I do not trust our own people when they start giving away money.

Mr. HUMPHREY. In this instance, we are not trusting because this language in section 211 says:

> The United States Governor of the Fund is authorized and directed to cause the Executive Director representing the United States to vote against any loan, any extension of financial assistance, or any technical assistance to any country which engages in a consistent pattern of gross violations of internationally recognized human rights including torture or cruel, inhumane, or degrading treatment or punishment, prolonged detention without charges, or other flagrant denial of the right to life, liberty, and that security of person, unless such assistance will directly benefit the needy people in such country.

Assistance to needy people relates to things that the Red Cross does, what the voluntary agencies might do, and what might be done in terms of famine relief for the peoples suffering beyond even the political oppression that they have to endure.

Then if one will go down and see that we also provide a role for the Congress to supervise this, it is not as if we were just leaving it to the flight of fancy of an administrator. We direct the Administrator on the one hand and we provide for the Congress to exercise oversight and to insist that these standards be applied.

Mr. HELMS. May I ask the Senator, would this one vote cast by the Governor cut off the funds?

Mr. HUMPHREY. U.S. approval of the funds.

Mr. HELMS. For the purpose of legislative history, let me read, beginning on line 18: ". . . cause the Executive Director representing the United States to vote against any loan, any extension of financial assistance, or any technical assistance to any country which engages in," and so forth. Would that one vote by the Governor cut off U.S. funds? Is that clearly the intent?

Mr. HUMPHREY. It would cut off U.S. approval of the loan.

The amendment of the Senator, by the way, would not prevent the Fund itself from lending.

Mr. HELMS. I differ with the Senator a little bit about that. It would cut off U.S. funds, and that is my primary interest at the moment.

Mr. HUMPHREY. Once we are in an international institution such as that, your amendment provides:

> None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda; and one of the funds authorized to be appropriated under

What we are saying is the United States will not approve usage of its funds. Our funds are not all of the funds available. After all, there are other funds involved in that bank or in that Fund. We are just one of the many donors in that Fund.

Mr. HELMS. Mr. President, again I understand what the Senator is saying. I know that he does not share my deep concern about what could happen, and about what I feel probably will happen somewhere down the line if we are not exceedingly careful here today. For example, what is "a consistent pattern of gross violations?" Is that one violation, two? Three? How many would constitute a "consistent pattern?"

Mr. HUMPHREY. We have spelled that out in other legislation.

Mr. HELMS. Tell me about it, if the able Senator will.

Mr. HUMPHREY. There is a recognized pattern of gross violations of human rights which has been established by the International Red Cross and which has been established by other international organizations. It is a standard and this is language that is commonplace in this type of law.

Mr. HELMS. Just describe for me precisely what it is. The Senator is generalizing.

Mr. HUMPHREY. Genocide, mass murder, torture, killing of people, destruction of lives, or as in the instance of Amin throwing people out of the country without regard to what their conditions are; imprisonment without trial.

Mr. HELMS. How many years will it take to ascertain this "consistent" pattern?

Mr. HUMPHREY. I do not think it would take very long to ascertain it at all. Might I also add that there really is not any other way that we can do this except to direct our officer to vote against those loans, to vote against any financial assistance. The African Development Fund is there. It is there.

Mr. HELMS. There is one other way. My amendment would cut out the money. Period. Then there would be no question about it.

Mr. HUMPHREY. This amendment would cut out the money for this loan. That is what it is doing.

Mr. HELMS. This will cut out the money extracted from the U.S. taxpayers. That is my primary concern at the moment.

Mr. HUMPHREY. All the amendment says is none of the funds appropriated under this act shall be granted to, loaned to, or otherwise used for the benefit of the Nation of Uganda. That is, of the moneys we appropriate in this act. But we are only one member of that Fund. I have to call to the attention of the Senator that we do not control the total Fund. We will have influence in the Fund.

The answer, of course, if the Senator wants to stop the whole participation of U.S. funding, is to strike the title.

Mr. HELMS. That was the first amendment that I offered. The Senator knows I am certainly in favor of that.

Mr. President, so that I may confer with the distinguished Senator for just a second, I suggest the absence of a quorum with a unanimous consent request the time to be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that Mr. Dick Bryan of my staff be accorded the privilege of the floor during the consideration of this measure and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. HUMPHREY. Mr. President, if I may discuss this matter for a moment with the Senator from North Carolina——

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. I would like to ask the Senator just a question or two about his amendment.

As I said to the Senator a little earlier, section 211 of this bill, including subsections (a), (b), and (c), I believe, gets at the situation that the amendment of the Senator from North Carolina refers to, and the major difference, as I see it, is that:

none of the funds authorized to be appropriated under Title II of this Act shall be contributed to the African Development Fund during any period that such Fund is making any grants to, loans to, or otherwise using the corpus of such Fund for the benefit of the nation of Uganda, or while any such grants, loans, or benefits are outstanding.

I had hoped that the Senator might take the first section of his amendment, "None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda," put a period there. Then add a provision that where any such application is made to the Fund, there shall be prompt notification by the U.S. Governor of the Fund of such application for loan or other financial assistance, to the Senate Committee on Foreign Relations and the House Committee on International Relations.

Mr. HELMS. The Senator is making a proposition, I take it?

Mr. HUMPHREY. That is correct.

Mr. HELMS. I will accept. He has made a proposition, as the saying goes, that I cannot refuse—and I thank him. Such modification will accomplish what I seek.

Mr. HUMPHREY. The Senator, then, will modify his amendment accordingly?

Mr. HELMS. If the Chair will permit, yes, and I thank the Senator from Minnesota for so eloquently making the legislative history so clear in this matter.

Mr. HUMPHREY. So that the first section will read:

SEC. ( ). None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda.

and then a period.

Mr. HELMS. Right.

Mr. HUMPHREY. Then language to the effect that the U.S. Governor of the Fund is directed to notify the Committee on Foreign Relations and the Committee on International Relations as to any application made by Uganda for a loan or other financial assistance, period?

Mr. HELMS. The Senator from North Carolina is entirely agreeable. That accomplishes what he had in mind.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. Yes.

Mr. JAVITS. I think you would have to add at the end "to the fund".

Mr. HUMPHREY. Yes; that is correct. We will go over any language difficulties there, but I think we both understand what we are talking about.

Mr. HELMS. We do, and I thank the Senator.

Mr. JAVITS. Mr. President, I ask that the clerk report the amendment as revised.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The second assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS), for himself and Mr. THURMOND, proposes an amendment as follows:

At the appropriate place, insert the following new section:

"Sec. —. None of the funds authorized to be appropriated under this act shall be granted to, loaned to, or otherwise used for the benefit of the Nation of Uganda.

"The United States Governor is directed to notify the Committee on Foreign Relations and the Committee on International Relations as to any application made by Uganda for a loan or other financial assistance from the Fund."

Mr. HELMS. Mr. President, I think we need to clean up this amendment just a bit. I suggest the absence of a quorum, the time to be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I wonder if I might ask the clerk to read the modified amendment.

The PRESIDING OFFICER (Mr. PEARSON). The amendment, as modified, will be stated.

The second assistant legislative clerk read as follows:

At the appropriate place, insert the following new section:

"SEC. ( ). None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda.

The United States governor is directed to promptly notify the Senate Committee on Foreign Relations and the House Committee on International Affairs as to any application made by Uganda for loans or other financial assistance from the fund.

Mr. HELMS. Mr. President, I wish the clerk would put the word "promptly" before the preposition, to make it grammatically correct. Otherwise, I am entirely satisfied with the amendment as modified.

Mr. HUMPHREY. I have no objection.

Mr. HELMS' amendment, as modified, is as follows:

At the appropriate place, insert the following new section:

"SEC. ( ). None of the funds authorized to be appropriated under this Act shall be granted to, loaned to, or otherwise used for the benefit of the nation of Uganda.

The United States governor is directed promptly to notify the Senate Committee on Foreign Relations and the House Committee on International Affairs as to any application made by Uganda for loans or other financial assistance from the fund.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina.

The amendment, as modified, was agreed to.

Mr. HUMPHREY. Mr. President, I thank the Senator from North Carolina. I think this is a helpful addition. It spells out more precisely one significant feature of the bill, section 211. I want the legislative history established here to relate to section 211.

Mr. HELMS. I thank the Senator for his kind remarks, and his patience.

The PRESIDING OFFICER. The question now recurs on agreeing to the earlier amendment of the Senator from North Carolina.

Mr. HELMS. Mr. President, the Chair is referring to my first amendment that was set aside at my request?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I withdraw that amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. HUMPHREY. Mr. President, on behalf of Senator Mathias and myself, I send to the desk an amendment and ask that it be stated and incorporated hopefully in this legislation.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. HUMPHREY) on behalf of the Senator from Maryland (Mr. MATHIAS) proposes an amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

"SEC. 212. (a) The Congress finds and declares that—

"(1) the problems posed by swine influenza transcend national and political boundaries;

"(2) no one country, or even one portion of the world, can singularly undertake the search for a world-wide solution to the problems posed by swine influenza;

"(3) the global nature of swine influenza demands international cooperation and coordination in the investigation and planning for effective control of swine influenza;

"(4) the Public Health Service of the United States has invited the World Health Organization of the United Nations and its International Influenza Reference Centers to participate in the investigation and planning the control of swine influenza.".

"(5) special collaboration has already been established among the United States, the United Kingdom, and Canada for mutual participation in the investigation and planning for the control of swine influenza;

"(6) the United States Department of State and the Public Health Service of the United States have joint programs to provide information to foreign countries on the nature and extent of swine influenza and the methods necessary to control it; and

"(7) the technology of the United States for the surveillance of virus disease and vaccine production should be made available to foreign countries.

"(b) It is the sense of the Congress that the President should furnish assistance to foreign countries and international organizations for the investigation and planning for the control of swine influenza."

Mr. HUMPHREY. Mr. President, this amendment provides that the Government of the United States should work with international organizations to help in the dissemination of influenza vaccine along the lines of the President's recent declaration.

It is only a commitment for us to work with those countries in developing a system for it.

Mr. MATHIAS. Mr. President, on March 24, 1976, the President directed the Secretary of HEW, Dr. David Mathews and the Assistant Secretary for Health, Dr. Theodore Cooper, to develop and implement plans to make available to all Americans a vaccine against a new strain of influenza virus, the so-called swine influenza. The President publicly urged that all Americans receive the vaccine this fall and to facilitate this effort, he directed that inoculations be made available at schools, hospitals, physicians' offices and all public health facilities. The President called for "extraordinary measures" against an outbreak of this disease which could occur late this year or early in 1977. In his statement last Wednesday the President scheduled an extensive full-scale immunization program to begin operation in September and to be completed by the end of November 1976.

The Department of Health, Education, and Welfare, in its March 26, 1976, fact sheet on the proposed swine influenza immunization campaign disclosed the following:

The swine influenza virus recently identified in recruits at Fort Dix, N.J., represents a major change from viruses which are currently circulating in the human population. These major shifts occur approximately every 10 years. When they do, there are extensive outbreaks of flu. If history repeats itself, there could be a major outbreak, even a pandemic of flu, in the 1976–77 flu season from this swine virus.

An added concern is that this virus is similar to the virus which is suspected of having been the cause of the great pandemic of 1918–19 which is associated with 548,000 deaths in the United States and 20 million deaths worldwide. Prior to 1930, this strain was the predominant cause of human influenza in this country. Since 1930 the virus has not been transmitted from person to person, but person-to-person transmission in the New Jersey cases indicates that this country may experience widespread swine influenza in 1967–77.

Immunization of the population normally at high risk—elderly and chronically ill persons—would not forestall this possible epidemic and pandemic. This should not be cause for public alarm. We have enough lead time, thanks to improved disease surveillance methods, to launch a preventive immunization campaign. We have the technology necessary to produce sufficient quantities of high quality vaccine which will confer immunity in about 80 percent of the people who receive it. And we are far better able, through antibiotics, to care for those who do get complicated cases of the flu. We must, of course, continue to immunize high-risk persons against other forms of influenza.

To reach this goal of immunizing the total U.S. population it will be necessary to assure that sufficient vaccine is produced, that immunization services are available in this short period of time, and that the Nation is aware of the potential seriousness of the situation and the need to have preventive immunization. Allowing time for tooling up—vaccine production and program organization—during the spring and summer, the bulk of the immunizations would have to be administered during September through November 1976.

The President is asking the Congress to enact quickly a special appropriation bill providing $135 million to carry out this effort. About $100 million of this appropriation will be used to purchase the vaccine from the companies who will make it. The remainder will be used to put the vaccine into the hands of State and local health authorities and the private sector who will administer it to the public.

This supplemental request will support a comprehensive influenza immunization program that satisfies these requirements and best assures success by taking advantage of the public/private mix of health delivery services in the United States. The plan relies upon:

The Federal Government for technical leadership, coordination, and monitoring of the campaign and for the purchase of vaccines;

State health agencies for their experience in conducting immunization programs and as logical distribution centers for vaccine; and

The private sector for the medical and other resources which must be mobilized across the Nation.

The cost of this program must be considered in the human and economic costs of influenza. In an average year, influenza causes about 17,000 deaths—9 per 100,000 people—widespread illness, and costs the Nation approximately $500 million. Severe epidemics, or pandemics, of influenza occur at approximately 10-year intervals. In 1968–69, influenza struck 20 percent of our population, causing more than 33,000 deaths—14 per 100,000 people—and cost an estimated $3.2 billion.

Mr. President, the Government's response to this problem, namely to rely on the Federal Government for technical leadership and funds, while utilizing State health agencies—already experience in conducting immunization programs—as logistical centers for vaccine is laudable. I would note with satisfaction that medical and other resources in the private sector are to be mobilized for this effort. This full scale undertaking by our Government to prevent unnecessary death and illness is in my judgment, the only responsible course of action to pursue. Certainly, the health and safety of the American people must be a top priority of our Government. But as we begin to take these precautionary measures ourselves, we cannot forget the rest of the world.

Mr. President, should a swine influenza epidemic occur, we may be certain that the deaths and illness which will follow will not be confined within national or political boundaries. We need only to recall the virus pandemic of 1918–19 which caused 20 million deaths worldwide. While it is entirely proper that our Government take all of the necessary preventive steps necessary to reduce or eliminate the possibility of an epidemic occuring in the United States, we have a larger moral responsibility which we, as a member of the family of nations, have toward the rest of mankind.

This is the sole purpose of my amendment. This resolution, which I offer in the form of an amendment, simply recognizes the scope of the global nature of problem posed by swine influenza and calls upon our Government to provide assistance to other governments and international organizations which may also wish to address this problem.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I believe that is all of the amendments we have.

Mr. PERCY. Mr. President, I trust that the Senate will approve H.R. 9721. Fostering economic strength and growth in Latin America through this kind of cooperative effort is a sound and constructive basis for United States-Latin American relations. The years during which the United States has participated in the Inter-American Development Bank has seen real economic progress in some Latin American countries, but much more needs to be done. New donor nations will now be joining in this cooperative venture, which is a true testimonial to the increasing importance of the IDB in Latin American development efforts. I look forward to the gains yet to be made through the support of the IDB.

Our participation in the African Development Fund is another step in the right direction. It is an excellent opportunity for us to pay proper recognition to the emerging nations of Africa and to make a positive and important contribution toward meeting their urgent development needs. This kind of assistance is welcome in Africa and is very much in our own interest as well.

I am particularly pleased that the Senate Foreign Relations Committee has seen fit to follow up on section 305 of the Foreign Assistance Act in its consideration of H.R. 9721. As sponsor of section

305, I am very anxious to assure the effective implementation of its provisions, which instruct U.S. representatives to international organizations of which the United States is a member to integrate women into the national economies of member and recipient countries and into professional and policymaking positions within those organizations.

The committee report on H.R. 9721 notes with concern the fact that the Inter-American Development Bank has made only limited progress in the integration of women into its national development efforts and into its own organization. The committee report language is a reminder to the IDB and to all other international organizations of which the United States is a member that Congress takes seriously its oversight authority and responsibility for section 305. It is further a reminder to the U.S. Executive Director to the IDB and all other U.S. representatives to international organizations that they need to take more vigorous action to encourage their institutions' expansion of the role for women in all development efforts.

The staff of the Senate Foreign Relations Committee's Subcommittee on Foreign Assistance deserves to be commended for their vigilance on this issue.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HUMPHREY. I yield back the remainder of my time.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. HUMPHREY. The Senator from Virginia (Mr. HARRY F. BYRD, Jr.) did not want a rollcall vote.

Mr. HELMS. The Senator does not contemplate a rollcall vote?

Mr. HUMPHREY. No.

Mr. HELMS. Mr. President, in that case, I want the RECORD to clearly show emphatically the Senator from North Carolina is opposed to this bill.

The PRESIDING OFFICER. It is so noted.

The question is, Shall the bill pass? (Putting the question.)

The bill (H.R. 9721), as amended, was passed.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. I thank our colleagues.

ORDER AUTHORIZING THE COMMITTEE ON THE JUDICIARY TO MEET THIS AFTERNOON

Mr. MANSFIELD. Mr. President, in view of the time factor involved and believing that the Democratic conference will allow me this degree of flexibility, I ask unanimous consent that the Committee on the Judiciary be permitted to meet this afternoon around 4 or 4:30 p.m. for the purpose of considering intelligence legislation which has to be reported back to the Committee on Rules and Administration within the next day or so.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL STANDARDS FOR NO-FAULT INSURANCE ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 276, S. 354.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 354) to regulate commerce by establishing a nationwide system to restore motor vehicle accident victims and by requiring no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments as follows:

On page 1, in line 6, after "Standards" insert "for";

On page 1, in line 6, strike "Motor Vehicle";

On page 2, Table of Contents, in section 104, strike "Required motor vehicle" and insert "Requirement of";

On page 2, Table of Contents, in section 104, strike "(d) Obligations upon termination of security.";

On page 2, Table of Contents, in section 106, strike "Payment of claims for no-fault" and insert "No-fault";

On page 2, Table of Contents, in section 106, subsection (a), strike "In general." and insert "General.";

On page 8, Table of Contents, in section 108, strike "(c) Time for presenting claims under assigned claims plan.";

On page 2, Table of Contents, section 109, subsection (c), strike "program," and insert "and availability.";

On page 2, Table of Contents, strike "(d) Availability of services.";

On page 3, Table of Contents, TITLE II, strike "FOR STATE NO-FAULT MOTOR VEHICLE INSURANCE PLAN";

On page 3, Table of Contents, strike out the following:

Sec. 201. State no fault plan in accordance with this title.
(a) Preemption.
(b) State plan.
(c) Determination by Secretary.
(d) Periodic review.
(e) Alternative State plan.
(f) Procedure.
(g) Exceptions.
(h) Reporting requirements.
(i) Financial assistance to States.
(j) Authorization for appropriations.
Sec. 202. National standards.
(a) General.
(b) Criteria.

And insert in lieu thereof:

Sec. 201. Criteria and review.
(a) General.
(b) Criteria.
(c) Review Board.
Sec. 202. State no-fault plan in accordance with national standards.
(a) Preemption.
(b) State no-fault plan.
(c) Certification of chief executive officer.
(d) Periodic report and recertification.
(e) Review Board review.
(f) Alternative Federal no-fault plan.
(g) State option.
(h) Judicial review.

On page 3, Table of Consents, section 205, subsection (a), strike "Applicable security." and insert "Priorities.";

One page 3, Table of Contents, section 207, strike "Work" and insert "Calculation of gross income";

On page 3, Table of Contents, at the bottom, add a new section as follows:

"SEC. 209. Coordination and cost savings.";

On page 4, Table of Contents, TITLE II, strike "FOR NO-FAULT MOTOR VEHICLE INSURANCE PLAN";

On page 4, Table of Contents, section 209, strike "209." and insert "210.";

On page 4, Table of Contents, section 210, strike "210." and insert "211.";

On page 4, Table of Contents, section 211, strike "211." and insert "212.";

On page 4, Table of Contents, section 212, strike "Other" and insert "Miscellaneous";

On page 4, Table of Contents, section 212, add a new subsection as follows:

"(c) Adjustments in benefits.";

On page 4, Table of Contents, TITLE III, strike "STATE" and insert "FEDERAL";

On page 4, Table of Contents, TITLE III, strike "MOTOR VEHICLE INSURANCE";

On page 4, beginning on line 1, strike the following:

DECLARATION OF POLICY

SEC. 102. (a) FINDINGS. The Congress hereby finds and declares that—

(1) motor vehicles are the primary instrumentality for the interstate transportation of individuals;

(2) the intrastate transportation of individuals by motor vehicle over Federal aid highways and other highways significantly affects interstate commerce, particularly in metropolitan areas encompassing more than one State;

(3) the maximum feasible restoration of all individuals injured and compensation of the economic losses of the survivors of all individuals killed in motor vehicle accidents on Federal aid highways, in interstate commerce, and in activity affecting interstate commerce is essential to the humane and purposeful functioning of commerce;

(4) to avoid any undue burden on commerce during the interstate or intrastate transportation of individuals, it is necessary and proper to have a nationwide low cost, comprehensive, and fair system of compensating and restoring motor vehicle accident victims and the survivors of deceased victims;

(5) exhaustive studies by the United States Department of Transportation, the Congress, and some States have determined that the present basic system of motor vehicle accident and insurance law, which makes compensation and restoration contingent upon—

(A) every victim first showing that someone else was at fault;

(B) every victim first showing that he was without fault; and

(C) the person at fault having sufficient liability insurance and other available financial resources to pay for all the losses,

is not such a low cost, comprehensive, and fair system;

(6) careful studies, intensive hearings, and some State experiments have demonstrated that a basic system of motor vehicle accident and insurance law which—

(A) assures every victim payment of all his medical and rehabilitation costs, and recovery of almost all his work loss plus a reasonable amount of replacement services and survivor's loss; and

(B) eliminates the need to determine fault except when a victim is very seriously injured, is such a low cost, comprehensive, and fair system;

(7) nationwide adoption of the system described in paragaph (6) in place of the system described in paragraph (5) would remove an undue burden on commerce;

(8) pursuant to the power vested in it "to regulate Commerce . . . among the several States", the Government of the United States is authorized to require a nationwide low cost, comprehensive, and fair system and compensating and restoring motor vehicle accident victims and the survivors of the deceased victims;

(9) in all the States there should be uniformity as to the essential elements of the system of motor vehicle accident and insurance law to avoid confusion, complexity, uncertainty, and chaos which would be engendered by a multiplicity of noncomplementary State systems, but the need for a nationwide basic system does not require that the Federal Government itself directly administer, operate, or direct the administration or operation of such system; and

(10) a nationwide low cost, comprehensive, and fair system of compensating and restoring motor vehicle accident victims can—

(A) recognize, respect, and avoid interfering with the historical role of the States in regulating and exercising legislative authority, over the business of insurance; and

(B) save and restore the lives of countless victims by providing and paying the cost of services so that every victim has the opportunity to—

(i) receive prompt and comprehensive professional treatment, and

(ii) be rehabilitated to the point where he can return as a useful member of society and a self-respecting and self-supporting citizen.

(b) PURPOSES.—Therefore, it is hereby declared to be the policy of the Congress to establish—

(1) at reasonable cost to the purchaser of insurance, a nationwide system of prompt and adequate restoration benefits for motor vehicle accident victims and the survivors of deceased victims; and

(2) minimum standards which each State must meet or exceed so as to assure a nationwide low cost, comprehensive, and fair system of motor vehicle accident and insurance law and which enables each State to participate legislatively, to administer without interference, and to continue regulating the business of insurance.

And insert the following in lieu thereof:

DECLARATION OF POLICY

SEC. 102. (a) FINDINGS.—The Congress finds that—

(1) Motor vehicles are the primary instrumentality for the transportation of individuals within the United States. The transportation of individuals by motor vehicle over Federal-aid highways and other highways and roadways occurs in, or affects, interstate commerce.

(2) The maximum feasible restoration of individuals injured, and compensation for the economic losses of the survivors of individuals killed, in the course of such transportation, are necessary and proper for the protection and advancement of commerce and a suitable and desirable concomitant to the establishment of post roads and the expenditure of moneys therefor.

(3) Documented studies and almost a century of experience demonstrate that the prevailing system of motor vehicle accident and insurance law in the United States is inefficient, overly costly, incomplete, slow, allocates benefits poorly, discourages rehabilitation, overburdens the courts, does little if anything to minimize crash losses, and, accordingly, constitutes an undue burden on commerce. The prevailing system makes compensation of a victim contingent upon—

(A) the victim first showing that someone else was at fault;

(B) the victim first showing that he was without fault or less at fault;

(C) a lawsuit, whenever these showings or others are in dispute; and

(D) the party at fault having sufficient liability insurance or other financial resources to pay for the victim's losses.

(4) A low-cost, comprehensive, and fair system for the restoration and compensation of victims would eliminate such undue burden on commerce.

(5) Research and the experience in a number of jurisdictions have demonstrated that a system of motor vehicle accident and insurance law that—

(A) assures victims prompt payment of all their medical and rehabilitation costs, recovery of most of their work loss, and compensation for a reasonable amount of replacement services and survivor's loss; and

(B) eliminates the need to determine fault, except in cases involving very serious injuries,

is such a low-cost, comprehensive, and fair system. The establishment of such a no-fault system nationwide, in place of the system described in paragraph (3), would remove an undue burden on commerce.

(6) The Federal Government is authorized to establish and maintain, directly or indirectly, such a nationwide no-fault system, pursuant to the constitutional powers vested in Congress "To regulate Commerce . . . among the several States" and "To establish . . . post Roads".

(7) Direct Federal Government action is neither necessary nor desirable for this purpose. The uniformity that is necessary among all the States as to the essential elements of such a system can be achieved by Congress by the establishment of national standards for State no-fault plans for motor vehicle insurance and a mechanism for assuring compliance with such standards.

(b) PURPOSES.—It is hereby declared to be the purpose of the Congress in this Act—

(1) to establish nationwide, at reasonable cost to consumers, a comprehensive and fair system that will provide the maximum feasible restoration for victims of motor vehicle accidents and compensation for the survivors of such victims;

(2) to establish national standards for State no-fault plans for motor vehicle insurance and a mechanism for assuring compliance with such standards; and

(3) to recognize, respect, and avoid interfering with the historical role of the States in exercising legislative authority over, and in determining the manner of regulation of, the business of insurance.

On page 11, line 12, insert the following:

(1) "Accident" means an untoward and unforeseen occurrence—

(A) arising out of the maintenance or use of a motor vehicle; or

(B) in the case of, and limited to, a pedestrian, arising out of the operation of any vehicle that is powered by an engine or a motor and that is manufactured for transportation on public roadways.

On page 11, line 20, strike "(1)" and insert "(2)";

On page 11, line 22, strike "209" and insert "210";

On page 11, line 22, after "304" insert a period and strike "of this Act.";

On page 11, line 23, strike "(2)" and insert "(3)";

On page 12, line 4, after the semicolon, add "and";

On page 12, beginning with line 6, strike out the following:

(D) expenses directly related to the funeral, burial, cremation, or other form of disposition of the remains of a deceased victim, not to exceed $1,000.

On page 12, line 15, strike "more intensive care";

On page 12, line 19, insert the following: Nothing in this Act shall be construed as prohibiting a restoration obligor from providing for the term to include remedial religious treatment and care.

On page 12, line 22, strike "(3)" and insert "(4)";

On page 13, line 3, after the word "property" insert ", unless a State, in enacting a no-fault plan for motor vehicle insurance in accordance with national standards, so provided";

On page 13, line 6, insert the following:

(5) "Claimant" means a victim, a survivor, or a supplier or provider of an allowable expense product, service, or accommodation, who makes a claim for no-fault benefits.

On page 13, line 9, strike "(4)" and insert "(6)";

On page 13, line 13, after the period, insert the following:

The term means the Secretary whenever, pursuant to section 202(g), the Secretary implements, administers, operates, and maintains the alternative Federal no-fault plan for motor vehicle insurance in accordance with title III.

On page 13, line 18, strike ou the following:

(5) "Department" means the department of motor vehicles or the department, commission, board, or other agency of a State which is charged by the law of that State with the administration of laws and regulations regarding registration of motor vehicles.

On page 13, line 23, strike "(6)" and insert "(7)";

On page 13, line 25, strike "immediately and proximately";

On page 14, line 6, strike "(7)" and insert "(8)";

On page 14, line 11, strike "public" and insert "person";

On page 14, line 11, strike "nonprofit private entity" and insert "a government";

On page 14, line 13, strike "of" and insert "set forth in";

On page 14, line 16, strike "(8)" and insert "(9)";

On page 14, line 25, strike "(9)" and insert "(10)";

On page 14, line 25, strike "accidentally sustained";

On page 15, line 1, after "individual" insert "as a result of an accident";

On page 15, line 3, strike "(10)" and insert "(11)";

On page 15, line 6, strike "(11)" and insert "(12)";

On page 15, line 10, strike the following:

(B) a spouse or other relative of a named insured, a minor in the custody of a named insured, and a minor in the custody of a relative of a named insured if—

And insert in lieu thereof:

(B) a spouse or other relative of a named insured, or an individual below the age of 18 in the custody of a named insured or in the custody of a relative of a named insured if—

On page 15, line 25, strike "(12)" and insert "(13)";

On page 16, line 2, after the word "provide" insert "in such State";

On page 16, line 3, after the word "vehicle" insert a period and strike "in such State.";

On page 16, line 4, strike out the following:

(13) "Loss" means accrued economic detriment resulting from injury arising out of the maintenance or use of a motor vehicle consisting of, and limited to, allowable expense, work loss, replacement services loss, and survivor's loss.

And insert in lieu thereof:

(14) "Loss" means economic detriment, incurred as a result of an accident resulting in injury, consisting of and limited to allowable expense, work loss, replacement services loss, and survivor's loss.

On page 16, line 12, strike "(14)" and insert "(15)";

On page 16, line 14, after the word "plan," insert "as calculated pursuant to section 207,";

On page 16, line 16, strike "per centum" and insert "percent";

On page 16, beginning with line 24, strike out the following:

(15) "Maintenance or use of a motor vehicle" means maintenance or use of a motor vehicle as a vehicle, including, incident to its maintenance or use as a vehicle, occupying, entering into, or alighting from it. Maintenance or use of a motor vehicle does not include—

And insert in lieu thereof:

(16) "Maintenance or use of a motor vehicle" means any activity involving or related to transportation by a motor vehicle, including, unless excluded in the following subparagraphs, occupying, entering into, alighting from, repairing, or servicing. The term does not include—

On page 17, line 1, strike "or";

On page 17, line 14, strike "it." and insert "it; or";

On page 17, line 15, insert the following:

(C) conduct arising out of or in the course of the employment of the individual who suffers injury as a consequence of such conduct, if such individual is entitled to receive any benefits on account of such injury pursuant to the applicable workmen's compensation law.

On page 17, line 20, strike the following:

(16) "Medical and vocational rehabilitation services" means services necessary to reduce disability and to restore the physical, psychological, social, and vocational functioning of a victim. Such services may include, but are not limited to, medical care, diagnostic and evaluation procedures, physical and occupational therapy, other medically necessary therapies, speech pathology and audiology, nursing care under the supervision of a registered nurse, medical social services, vocational rehabilitation and training services, occupational licenses and tools, and transportation where necessary to secure medical and vocational rehabilitation services. A restoration obligor is not obligated to provide basic restoration benefits for allowable expense for medical and vocational rehabilitation services unless the facility in which or through which such services are provided has been accredited by the department of health, the equivalent government agency responsible for health programs, or the accrediting designee of such department or agency of the State in which such services are provided, as being in accordance with applicable requirements and regulations.

And insert in lieu thereof:

(17) "Medical and vocational rehabilitation services" means any services necessary to reduce disability; to restore, and to maintain as restored, the physical, psychological, social, and vocational functioning of a victim; or to enable a victim to earn income and to be or remain gainfully employed. Such services may include, but are not limited to, medical care; diagnostic and evaluation procedures; physical, occupational, and medically necessary therapies; speech pathology and audiology; nursing care and medical social services; vocational rehabilitation and training services; devices, equipment, and facilities necessary for independent functioning; and transportation, where necessary to secure medical and vocational rehabilitation services. A restoration obligor is not obligated to provide basic restoration benefits for allowable expense for medical and vocational rehabilitation services unless the facility in which or through which such services are provided has been accredited or approved, as being in accordance with applicable requirements and regulations, by the department of health, the State vocational rehabilitation agency, the equivalent government agency responsible for health programs, or the accrediting designee of such department or agency, whichever is applicable, of the State in which such services are provided.

On page 19, beginning with line 13, strike out:

(17) "Motor vehicle" means a vehicle of a kind required to be registered under the laws relating to motor vehicles of the State in which such vehicle is located except that a vehicle having less than four wheels may be specially treated, at the option of a State establishing a no fault plan for motor vehicle insurance in accordance with title II of this Act, with respect to the requirements and benefits of such plan.

On page 19, beginning with line 21, insert:

(18) "Motor vehicle" means a vehicle of a kind required to be registered under the laws relating to motor vehicles of the State in which such vehicle is located, except that a State no-fault plan in accordance with national standards may treat a vehicle having less than four wheels differently than it treats other vehicles, or it may partially or completely exclude such a vehicle from the requirements and benefits of such plan.

On page 20, at the beginning of line 4, strike out "(18)" and insert "(19)".

On page 20, at the beginning of line 7, strike out "(19)" and insert "(20)".

On page 20, at the beginning of line 13, strike out "(20)" and insert "(21)".

On page 20, at the beginning of line 15, strike out "(21)" and insert "(22)".

On page 20, at the beginning of line 17, strike out "(22)" and insert "(23)".

On page 21, beginning with line 1, insert:

(24) "Paragraph" means a paragraph of the subsection in which the term is used.

On page 21, at the beginning of line 3, strike out "(23)" and insert "(25)".

On page 21, in line 4, strike out "no fault benefits" and insert "security covering a motor vehicle".

On page 21, at the beginning of line 6, strike out "(24)" and insert "(26)".

On page 21, beginning with line 11, insert:

(27) "Review Board" means the No-Fault Insurance Plan Review Board established pursuant to section 201(c).

On page 21, at the beginning of line 13, strike out "(25)" and insert "(28)".

On page 21, beginning with line 15, insert:

(29) "Section" means a section of this Act.

On page 21, at the beginning of line 16, strike out "(26)" and insert "(30)".

On page 21, at the end of line 17, after "104" insert a period and strike out "of this Act."

On page 21, at the beginning of line 19, strike out "(27)" and insert "(31)".

On page 21, at the end of line 19, strike out: , "security covering the vehicle",.

On page 21, in line 21, strike out "provided" and insert "required".

On page 21, in line 22, after "(a)" insert a period and strike out "of this Act."

On page 21, at the beginning of line 23, strike out "(28)" and insert "(32)".

On page 21, in line 25, after "104" insert a period and strike out "of this Act."

On page 22, in line 1, strike out "(29)" and insert "(33)".

On page 22, in line 2, strike out "and" and insert "or".

On page 22, in line 3, strike out "(30)" and insert "(34)".

On page 22, in line 4, after "agency in", strike out "the" and insert "a".

On page 22, beginning with line 7, insert "(35) Subsection" means a subsection of the section in which the term is used."

On page 22, line 9, strike out "(31)" and insert "(36)".

On page 22, in line 10, strike out "of domicile of a" and insert "in which a".

On page 22, in line 11, after "victim", insert "had his principal place of residence,".

On page 22, in line 13, strike out "another individual" and insert "such victim".

On page 22, in line 14, strike out "(32)" and insert "(37)".

On page 22, in line 14, after "the" insert "economic detriment to a survivor, incurred as a result of the death of a victim. The term includes, and is limited to—".

On page 22, at the end of line 18, strike out "or survivors,".

On page 22, in line 20, strike out "and".

On page 22, beginning with line 21, strike out:

(B) expenses reasonably incurred by a survivor or survivors, after a victim's death resulting from injury, in obtaining ordinary and necessary services in lieu of those which the victim would have performed, not for income, but for their benefit, if he had not sustained the fatal injury, reduced by expenses which the survivor or survivors would probably have incurred but avoided by reason of the victim's death resulting from injury.

and insert:

(B) expenses directly related to the funeral and burial, cremation, or other form of disposition of the remains of a deceased victim; and

(C) expenses reasonably incurred by a survivor, after a victim's death resulting from injury, in obtaining ordinary and necessary services in lieu of those which the victim would have performed for such survivor's benefit (other than to provide income) had he not sustained such injury; reduced by expenses which such survivor would probably have incurred, but did not, by reason of such victim's death.

(38) "Title" means a title of this Act.

On page 23, beginning with line 6, strike out:

(33) "Victim" means an individual who suffers injury arising out of the maintenance or use of a motor vehicle; "deceased victim" means a victim suffering death resulting from injury.

On page 23, beginning with line 20, insert:

(39) "Victim" means an individual who suffers injury as a result of an accident.

On page 23, in line 22, strike out "(34)" and insert "(40)".

On page 23, in line 24, strike out "(35)" and insert "(41)".

On page 23, in line 25, before income, strike out "gross".

On page 23, in line 25, after the semicolon, strike out: "of a victim, as calculated pursuant to the provisions of section 207 of this Act:"

On page 24, in line 1, after "expenses", insert "of or on behalf".

On page 24, in line 3, strike out "thereby mitigating loss of income,".

On page 24, in line 4, strike out "special".

On page 24, in line 4, after "help," strike

out "thereby enabling a" and insert "so as to enable such".

On page 24, in line 5, strike out "work and".

On page 24, beginning with line 6, strike out

REQUIRED MOTOR VEHICLE INSURANCE

SEC. 104. (a) SECURITY COVERING A MOTOR VEHICLE.—Every owner of a motor vehicle which is registered in a State in which a State no fault plan for motor vehicle insurance in accordance with title II or title III of this Act is in effect, or which is operated in such State by the owner or with his permission, shall continuously provide security covering such motor vehicle while such vehicle is either present or registered in such State. Security shall be provided for the payment of basic restoration benefits, and at the option of a State establishing a plan in accordance with title II of this Act, for the payment of other benefits or tort liability. The owner or any other person may provide security covering a motor vehicle by a contract of insurance with an insurer or by qualifying as a self-insurer or as an obligated government.

and insert:

SEC. 104. (a) SECURITY COVERING A MOTOR VEHICLE.—The owner of a motor vehicle that is registered in a State in which there is in effect a no-fault plan for motor vehicle insurance in accordance with national standards or title III, or that is operated in such a State by or with the express or implied consent of such an owner, shall continuously provide and maintain security with respect to such motor vehicle, in accordance with the applicable provisions of such plan. Such security shall be provided for the payment of basic restoration benefits and, at the option of a State establishing a no-fault plan for motor vehicle insurance in accordance with national standards, for the payment of other benefits or of tort liability damages up to specified limits. Such security may be provided by such an owner, or by any other person in lieu thereof, (1) by entering into a contract of insurance with an insurer, (2) by qualifying as a self-insurer in accordance with subsection (b), or (3) by being an obligated government pursuant to subsection (c).

On page 25, beginning with line 15, strike out:

(b) SELF-INSURANCE.—Self-insurance, subject, to approval of the commissioner or department, is effected by filing with the department in satisfactory form—

and insert:

(b) SELF-INSURANCE.—Self-insurance, subject to the approval of the agency designated for such purpose by State law, is effected if the owner or other appropriate person prepares and submits to such agency—

On page 25, in line 22, strike out "by the owner or other appropriate" and insert "which commits such".

On page 26, in line 2, strike out "to elect".

On page 23, in line 3, after "benefits," insert "if any,".

On page 26, in line 6, after "administration," insert "in accordance with this Act,".

On page 26, at the end of line 7, strike out "provided in accordance with this Act;".

On page 26, in line 13, strike out "benefits" and insert "benefits and".

On page 26, in line 14 strike out "liability," and insert "liability".

On page 26, in line 14, after "and" insert "for".

On page 26, beginning with line 21, strike out:

(d) OBLIGATION UPON TERMINATION OF SECURITY.—An owner of a motor vehicle who ceases to maintain the security required in accordance with this Act shall immediately surrender the registration certificate and license plates for the vehicle to the department and may not operate or permit operation of the vehicle in any State until security has again been furnished as required in accordance with this Act. A person other than the owner who ceases to maintain such security shall immediately notify the owner and the department, who may not operate or permit operation of the vehicle until security has again been furnished. An insurer who has issued a contract of insurance and knows or has reason to believe the contract is for the purpose of providing security shall immediately give notice to the department of the termination of the insurance. If the commissioner or department withdraws approval of security provided by a self-insurer or knows that the conditions for self-insurance have ceased to exist, he shall immediately give notice thereof to the department. These requirements may be modified or waived by the department.

AVAILABILITY OF INSURANCE

SEC. 105. (a) PLAN.—(1) The Commissioner shall establish and implement or approve and supervise a plan assuring that any required no-fault benefits and tort liability coverages for motor vehicles will be conveniently and expeditiously available, subject only to payment or provisions for payment of the premium, to each individual who cannot conveniently obtain insurance through ordinary methods at rates not in excess of those applicable to similarly situated individuals under the plan. The plan may provide reasonable means for the transfer of individuals insured thereunder into the ordinary market, at the same or lower rates, pursuant to regulations established by the commissioner. The plan may be implemented by assignment of applicants among insurers, pooling, any joint insuring or reinsuring arrangement, or any other method, including a State fund, that results in all applicants being conveniently afforded the insurance coverages on reasonable and not unfairly discriminatory terms.

(2) The plan shall make available added restoration benefits and tort liability coverage together with other contract provisions which the commissioner determines are reasonably needed by applicants and are commonly afforded in voluntary markets. The plan must also assure that there is available through the private sector or otherwise to all applicants adequate premium financing or provision for the installment payment of premiums subject to customary terms and conditions.

(3) All insurers writing no-fault benefits and tort liability coverages in a State shall participate in the plan in such State. The plan shall provide for equitable apportionment, among all participating insurers writing any insurance coverage required under the plan, of the financial burdens of insurance provided to applicants under the plan and the costs of operation of the plan.

(4) Subject to the supervision and approval of the commissioner, insurers may consult and agree with each other and with other appropriate persons as to the organization, administration, and operation of the plan and as to rates and rate modifications for insurance coverages provided under the plan. Rates and rate modifications adopted or charged for insurance coverages provided under the plan shall—

(A) be first adopted or approved by the commissioner; and

(B) be reasonable and not unfairly discriminatory among similarly situated applicants for insurance pursuant to regulations established by the commissioner.

(5) Subject to the supervision and approval of the commissioner, the plan shall afford required coverages for motor vehicles to any economically disadvantaged individual, at rates as determined by the State, which shall not be so great as to deny such individual access to insurance which it is necessary for him to have in order to earn income and to be or remain gainfully employed.

(6) To carry out the objectives of this subsection, the commissioner may adopt rules, make orders, enter into agreements with other governmental and private entities and individuals, and form and operate or authorize the formation and operation of bureaus and other legal entities.

and insert:

AVAILABILITY OF INSURANCE

SEC. 105. (a) PLAN.—The commissioner shall, pursuant to any State law applicable in such commissioner's State, establish and implement, or approve and supervise, a plan to assure that security for the payment of basic restoration benefits and any other required benefits or specified tort liability damages (to the extent required by section 104) is conveniently and practicably obtainable, in accordance with this subsection, by each owner of a motor vehicle that is registered in such commissioner's State. Such a plan—

(1) shall provide security to an individual who is an owner of a motor vehicle, upon payment (or provision therefor) of the premium and upon proof of a valid license to operate a motor vehicle, at rates not in excess of those applicable to similarly situated individuals under such plan;

(2) may provide reasonable means for the transfer of individuals from such plan into the ordinary market, at the same or lower rates, pursuant to regulations established by the commissioner;

(3) may be implemented by the assignment of applicants for such insurance among insurers, by pooling or any joint insuring or reinsuring arrangement, or by any other method, including a State fund (if established under State law);

(4) shall make available to such individuals, upon application, such added restoration insurance, optional tort liability insurance, and other provisions as the commissioner determines to be reasonably needed and which are commonly provided in voluntary markets;

(5) shall assure that there is available to all such individuals, through the private sector or otherwise, adequate premium financing or provision for the installment payment of premiums, subject to customary terms and conditions; and

(6) shall require all insurers writing no-fault insurance in the State involved to participate in the plan, and shall provide for equitable apportionment, among all participating insurers writing any insurance coverage required under the plan, of the financial burdens of insurance provided by the plan and of the costs of operating the plan.

Subject to the supervision and approval of the commissioner, insurers may consult and agree with each other, and with other appropriate persons, as to the organization, administration, and operation of the plan, and as to the rates, terms, and rate modifications for insurance provided by the plan. Rates, terms, and rate modifications adopted or charged for insurance coverages under the plan shall—

(A) be first adopted or approved by the commissioner;

(B) be reasonable, and not unfairly discriminatory among similarly situated owners of motor vehicles applying for such insurance, pursuant to regulations established by the commissioner; and

(C) assure that security is practicably obtainable by owners of motor vehicles who need such vehicles to maintain employment. To carry out the objectives of this subsection, the commissioner may adopt rules, make orders, enter into agreements with any person or government, and form and operate, or authorize the formation and operation of, bureaus or any other legal entities.

On page 32, in line 20, strike out "of this subsection".

On page 33, in line 15, strike out "of this subsection".

On page 33, in line 18, strike out "of this subsection".

On page 34, in line 25, strike out "of this subsection".

On page 35, in line 1, strike out "PAYMENT OF CLAIMS FOR".

On page 35, in line 5, strike out "sustained" and insert "incurred".

On page 35, beginning with line 6, strike out:

(2) No-fault benefits are overdue if not paid within 30 days after the receipt by the restoration obligor of each submission of reasonable proof of the fact and amount of loss sustained, unless the restoration obligor designates upon receipt of an initial claim for no-fault benefits, periods not to exceed 31 days each for accumulating all such claims received within each such period, in which case such benefits are overdue if not paid within 15 days after the close of each such period. If reasonable proof is supplied as to only part of a claim, but the part amounts to $100 or more, benefits for such part are overdue if not paid within the time mandated by this paragraph. An obligation for basic restoration benefits for an item of allowable expense may be discharged by the restoration obligor by reimbursing the victim or by making direct payment to the supplier or provider of products, services, or accommodations within the time mandated by this paragraph. Overdue payments bear interest at the rate of 18 per centum per annum.

and insert:

(2) No-fault benefits are overdue if not paid within 30 days after the receipt by the restoration obligor of each submission of reasonable proof of the fact and amount of loss incurred, unless the restoration obligor designates, upon receipt of an initial claim for no-fault benefits, periods not to exceed 31 days each for accumulating all such claims received within each such period, in which case such benefits are overdue if not paid within 15 days after the close of each such period. If reasonable proof is supplied as to only part of a claim, but the part amounts to $100 or more, benefits for such part are overdue if not paid within the time mandated by this paragraph. Unless otherwise requested by the victim involved, an obligation to pay any basic restoration benefits for allowable expense shall be discharged by a restoration obligor by direct payment to the supplier or provider of the products, services, or accommodations involved within the time mandated by this paragraph, and no such supplier or provider may receive any additional amount therefor from any victim or survivor personally, unless a State no-fault plan in accordance with national standards provides otherwise. Overdue no-fault payments shall bear interest at the rate of 18 percent per year.

On page 36, in line 24, strike out "of this Act" and insert "unless".

On page 37, at the end of line 1, after "overdue" insert a period and strike out "or the no-fault benefits claim is paid."

On page 37, at the beginning of line 3, strike out "thereupon".

On page 37, at the end of line 3, insert "for such amounts".

On page 37, beginning with line 6, strike out:

(4) A restoration obligor may bring an action to recover reimbursement for no-fault benefits which are paid upon the basis of an intentional misrepresentation of a material fact by a claimant or a supplier or provider of an item of allowable expense, if such restoration obligor reasonably relied upon such misrepresentation. The action may be brought only against such supplier or provider, unless the claimant has intentionally misrepresented the facts or knew of the misrepresentation. A restoration obligor may offset amounts he is entitled to recover from the claimant under this paragraph against any no-fault benefits otherwise due.

and insert:

(4) A restoration obligor may maintain a civil action to recover any no-fault benefits that it has paid as a result of an intentional or knowing misrepresentation of a material fact by a claimant, if it reasonably relied upon such misrepresentation in paying such benefits. A restoration obligor may offset any amounts that it is entitled to recover under this paragraph against any additional no-fault benefits that it is required to pay to the same claimant.

On page 38, in line 10, after "of" strike out "the" and insert "such".

On page 38, in line 17, after "if" insert "(A)".

On page 38, in line 18, after "$2,500," insert "and (B) as a condition of such settlement, the restoration obligor agrees to pay the reasonable cost of any future allowable expense."

On page 39, in line 10, after "of" strike out "appropriate future medical and vocational rehabilitation services." and insert "any future allowable expense."

On page 39, in line 17, strike out "claimant's" and insert "victim's".

On page 39, line line 25, strike out "otherwise" and insert "other".

On page 39, in line 25, strike out "an" and insert "a civil".

On page 40, in line 6, strike out "otherwise" and insert "other".

On page 40, at the end of line 6, strike out "an" and insert "a civil".

On page 40, in line 12, strike out "an" and insert "a civil".

On page 40, in line 16, strike out "an" and insert "a civil".

On page 40, in line 20, strike out "an" and insert "a civil".

On page 40, in line 24, after "If" insert "a".

On page 40, in line 24, after "timely" insert "civil".

On page 41, at the end of line 1, strike out "obligor's coverage" and insert "obligor".

On page 41, in line 2, strike out "applicable" and insert "liable".

On page 41, at the end of line 2, strike out "the claimant under the provisions of" and insert "pay or provide such benefits in accordance with the priorities set forth in".

On page 41, at the end of line 4, strike out "of this Act,".

On page 41, in line 5, strike out "an" and insert "a civil".

On page 41, in line 12, strike out "an" and insert "a civil".

On page 41, in line 14, strike out "(c) of this Act".

On page 42, in line 3, strike out "that".

On page 42, in line 17, strike out "for" and insert "if the".

On page 42, line 17, strike out "are".

On page 42, beginning with line 25, strike out:

SEC. 107. (a) FEES OF CLAIMANT'S ATTORNEY.—(1) If any overdue no-fault benefits are paid by the restoration obligor after receipt of notice of representation of a claimant in connection with a claim or action for no-fault the court determines that the claim or any significant part thereof is fraudulent (or so excessive as to have no reasonable foundation), a reasonable attorney's fee (based upon actual time expended) shall be paid by the restoration obligor to such attorney. No part of the attorney's fee for representing the claimant in connection with a claim or action for no-fault benefits may be charged or deducted from benefits otherwise due to such claimant and no part of such benefits may be applied to such fee.

and insert:

SEC. 107. (a) FEES OF CLAIMANT'S ATTORNEY.—(1) If overdue no-fault benefits are recovered by a victim or a survivor in a civil action against a restoration obligor, or if such benefits are paid by a restoration obligor after it receives notice that a victim or a survivor has retained a specified attorney, such restoration obligor shall pay such attorney a reasonable fee, based upon the actual time expended by such attorney and his staff in advising and representing such claimant (at prevailing rates for such services, including any reasonable risk factor component), and any other reasonable costs connected therewith. The court may award such fees in any other case in its discretion in the interest of justice. No part of such an attorney's fee may be charged or deducted from benefits otherwise due to a victim or a survivor, and no part of the no-fault benefits recovered or paid may be applied to an attorney's fee.

On page 44, in line 3, strike out "the" and insert "a".

On page 44, in line 4, strike out "the" and insert "a".

On page 44, in line 15, strike out "State".

On page 44, in line 16, strike out "title II" and insert "national standards".

On page 44, in line 17, strike out "of this Act".

On page 44, in line 21, strike out "of this section,".

On page 45, in line 2, strike out "the provisions on ineligible claimants" and insert "section 211".

On page 45, beginning with line 8, strike out:

(D) applicable to the injury is inadequate to provide the contracted for benefits because of financial inability of a restoration obligor to fulfill its obligations; or

and insert:

(D) applicable to the injury is inadequate to provide the benefits contracted for because the restoration obligor is financially unable to fulfill its obligation, unless a State insolvency plan is in effect in such State; or

On page 45, in line 20, after "(C)" insert "(1)".

On page 45, in line 20, after "or" insert "(1)".

On page 45, in line 20, strike out "of this subsection,".

On page 46, in line 21, strike out "security," and insert "security. Such deduction is".

On page 46, in line 22, strike out "otherwise payable except" and insert "other than".

On page 47, in line 9, strike out "insurer".

On page 47, at the beginning of line 11, insert "the cost of".

On page 48, beginning with line 3, strike out:

(c) TIME FOR PRESENTING CLAIMS UNDER ASSIGNED CLAIMS PLAN.—(1) Except as provided in paragraph (2) of this subsection, an individual authorized to obtain basic restoration benefits through the assigned claims plan shall notify the assigned claims bureau of his claim within the time that would have been allowed pursuant to section 106 (c) of this Act for commencing an action for basic restoration benefits against any restoration obligor, other than an assigned claims bureau, in any case in which identifiable no-fault insurance coverage was in effect and applicable to the claim.

(2) If timely action for basic restoration benefits is commenced against a restoration obligor who is unable to fulfill his obligations because of financial inability, an individual authorized to obtain basic restoration benefits through the assigned claims plan shall notify the bureau of his claim within six months after his discovery of such financial inability.

On page 48, beginning with line 19, insert:

(3) Except as otherwise provided, a claimant who is authorized to obtain basic restoration benefits through the assigned claims plan shall notify the assigned claims bureau of such claim and may maintain a civil action to recover benefits within the time limitations set forth in section 106(c). Unless a State insolvency plan is in effect, if a timely civil action for basic restoration benefits is commenced against a restoration obligor who is financially unable to fulfill its obligations, the claimant involved shall notify the assigned claims bureau of such claim within 6 months after learning of such financial inability.

On page 49, in line 6, strike out "The" and insert "Notwithstanding any provision of this Act, except section 202(g), the".

On page 49, beginning with line 19, strike out:

(c) ACCOUNTABILITY PROGRAM.—(1) The commissioner, through the State vocational rehabilitation agency, shall establish and maintain a program for the regular and periodic evaluation of medical and vocational rehabilitation services for which reimbursement or payment is sought from a restoration obligor as an item of allowable expense to assure that—

(A) the services are medical and vocational rehabilitation services, as defined in section 103(16) of this Act;

(B) the recipient of the services is making progress toward a greater level of independent functioning and the services are necessary to such progress and continued progress; and

(C) the charges for the services for which reimbursement or payment is sought are fair and reasonable. Progress reports shall be made periodically in writing on each case for which reimbursement or payment is sought under security for the payment of basic restoration benefits. Such reports shall be prepared by the supervising physician or rehabilitation counselor and submitted to the State vocational rehabilitation agency. The State vocational rehabilitation agency shall file reports with applicable restoration obligor or obligors. Pursuant to this program, there shall be provision for determinations to be made in writing of the rehabilitation goals and needs of the victim and for the periodic assessment of progress at reasonable time intervals by the supervising physician or rehabilitation counselor.

(2) The commissioner is authorized to establish and maintain a program for the regular and periodic evaluation of his State's no-fault plan for motor vehicle insurance.

(d) AVAILABILITY OF SERVICES.—The commissioner is authorized to coordinate with appropriate government agencies in the creation and maintenance of an emergency medical services system or systems, and to take all steps necessary to assure that emergency medical services are available for each victim suffering injury in the State. The commissioner is authorized to take all steps necessary to assure that medical and vocational rehabilitation services are available for each victim resident in the State. Such steps may include, but are not limited to, guarantees of loans or other obligations of suppliers or providers of such services, and support for training programs for personnel in programs and facilities offering such services.

and insert:

(c) ACCOUNTABILITY AND AVAILABILITY.—A no-fault plan for motor vehicle insurance in accordance with national standards or title III shall include a program for—

(1) evaluating and supervising—

(A) emergency medical services; and

(B) medical and vocational rehabilitation services,

that are supplied to or provided for victims in the State in which such plan is in effect and with respect to which reimbursement or payment is sought from or made by a restoration obligor;

(2) assuring the accountability of suppliers and providers of such services for the quality thereof, and for the costs thereof, in accordance with applicable standards; and

(3) assuring that such services are available.

On page 52, in line 7, strike out "the" and insert "any".

On page 52, in line 7, strike out "of registration of such vehicle".

On page 52, in line 9, after "any" insert "other".

In page 52, in line 9, strike out "in which such vehicle is operating".

On page 52, in line 17, after "State" insert a period and strike out:

In which any victim who is a claimant or whose survivors are claimants is domiciled or is injured.

(2) A restoration obligor providing security for the payment of basic restoration benefits shall be obligated to provide, and each contract of insurance for the payment of basic restoration benefits shall be construed to contain, coverage of $50,000 to protect the owner or operator of a motor vehicle from tort liability to which he is exposed through application of the law of the State of domicile of a victim (or in the State in which the accident resulting in injury or harm to property occurs if a victim is not domiciled in any State), but to which he would not have been exposed through application of the law of the State of registration of the motor vehicle.

On page 53, beginning with line 5, insert:

(2) A restoration obligor providing security covering a motor vehicle shall provide, and each contract of insurance for the payment of basic restoration benefits shall be construed to contain, security for the payment of tort liability damages of up to $50,000 to protect the owner or operator of a secured vehicle from any tort liability—

(A) to which he may be exposed, as a result of an accident resulting in injury, by the applicable law under subsection (c); and

(B) to which he would not have been exposed by the law of the State in which he has his principal place of residence.

On page 53, beginning with line 17, strike out:

(c) APPLICABLE LAW.—(1) The basic restoration benefits available to any victim or to any survivor of a deceased victim shall be determined pursuant to the provisions of the State no-fault plan for motor vehicle insurance in accordance with title II or title III of this Act which is in effect in the State in which the victim had his principal place of residence on the date when the motor vehicle accident resulting in injury occurs. If there is no such State no-fault plan in effect, or if the victim does not have his principal place of residence in any State, then basic restoration benefits available to any victim shall be determined pursuant to the provisions of the State no-fault plan for motor vehicle insurance, if any, in effect in the State in which the accident resulting in injury occurs.

(2) The right of a victim of a survivor of a deceased victim to sue in tort shall be determined by the law of the State in which such victim has his principal place of residence. If a victim is not domiciled in a State, such right to sue shall be determined by the law of the State in which the accident resulting in injury or damage to property occurs.

On page 54, beginning with line 12, insert:

(c) APPLICABLE LAW.—The basic restoration benefits available to any claimant, and the right of any victim or survivor to sue in tort, shall be determined pursuant to the no-fault plan for motor vehicle insurance which is in effect in the State in which the victim has his principal place of residence on the date of the accident resulting in injury, if such plan is in accordance with national standards or title III. If there is no such no-fault plan in effect; if such no-fault plan excludes the involved vehicle; or if the victim's principal place of residence is not in any State, the basic restoration benefits available to a claimant, and such right to sue, shall be determined pursuant to the no-fault plan for motor vehicle insurance which is in effect in the State in which the accident resulting in injury occurs.

On page 55, in line 4, strike out "of this subsection".

On page 56, beginning with line 3, strike out

(3) Notwithstanding provisions of paragraph (1)(B), of this subsection, a State may grant a right of reimbursement among and between restoration obligors based upon a determination of fault, where such restoration obligors have paid or are obligated to pay benefits for loss arising out of an accident resulting in injury in which one or more of the motor vehicles is of a type other than a private passenger motor vehicle and by designation the State has determined that the owner of such type would receive an unreasonable economic advantage or suffer an unreasonable economic disadvantage of reimbursement: *Provided*, That in such event such right of reimbursement may be granted only with respect to benefits paid for loss in excess of $5,000.

On page 56, bgeinning with line 17, insert:

(3) A State no-fault plan for motor vehicle insurance in accordance with national standards or title III may grant a restoration obligor a right of reimbursement from any other restoration obligor, based upon a determination of fault, for no-fault benefits which it has paid or is obligated to pay in any case in which—

(A) such restoration obligor has paid or is obligated to pay such benefits as a result of an accident resulting in injury;

(B) such accident involved two or more vehicles and at least one of them was of a type other than a passenger motor vehicle, as defined in section 2 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901);

(C) such other type of vehicle has been designated by the commissioner in such State as a vehicle whose owner is likely to receive unreasonable economic advantage or to suffer unreasonable economic disadvantage in the absence of reimbursement based upon fault; and

(D) the total no-fault benefits involved exceed $100.

On page 58, in line 12, strike out "2 months" and insert "90 days".

On page 58, beginning with line 15, strike out:

SEC. 112. No district court of the United States may entertain an action for no-fault benefits unless the United States is a party to the action.

and insert:

SEC. 112. No district court of the United States may entertain an action for no-fault benefits unless the United States (or a Federal agency which can be sued in its own name) is a party to the action.

On page 58, beginning with line 23, strike out:

SEC. 113. (a)(1) GENERAL.—Notwithstanding any other provision of law, a claim against the United States as a restoration obligor for injury arising out of the maintenance or use of a Federal motor vehicle which is a secured vehicle shall be governed by this Act. A Federal motor vehicle is a

secured vehicle, for purposes of this Act, whenever it is located or operated in the territorial area of any State, Puerto Rico, Canada, or Mexico.

(2) The level of basic restoration benefits which the United States shall pay or provide shall be controlled by the no-fault plan for motor vehicle insurance in effect in the State of domicile of the victim, if any, or if none, in the State in which the accident resulting in injury occurs.

On page 59, beginning with line 11, insert:

SEC. 113. (a) (1) GENERAL.—Notwithstanding any other provision of law, a claim against the United States (or a Federal agency) as a restoration obligor for injury arising out of the maintenance or use of a Federal motor vehicle which is a secured vehicle, or out of the maintenance or use of any motor vehicle which is operated by an employee of the Federal Government during the course of official business, shall be governed by this Act. A Federal motor vehicle is a secured vehicle, for purposes of this Act, whenever it is located or operated in the territorial area of any State, Puerto Rico, Canada, or Mexico.

(2) The level of basic restoration benefits which the United States (or a Federal agency) shall pay or provide, and the liability of the United States (or a Federal agency) to suit in tort, as a result of an accident resulting in injury, shall be determined by the no-fault plan for motor vehicle insurance which is in effect (A) in the State in which the victim has his principal place of residence, or (B) in the State in which the accident resulting in injury occurs, if the victim's principal place of residence is not in any State.

On page 60, in line 13, strike out "branch, department, commission, administration, authority, board, or bureau of, or any corporation owned or controlled by, the" and insert "agency, corporation, independent establishment, or other entity of the legislative, executive, or judicial branch of the".

On page 61, in line 5, strike out "of this Act.".

On page 61, beginning with line 9, strike out

TITLE II—NATIONAL STANDARDS FOR STATE NO-FAULT MOTOR VEHICLE INSURANCE PLAN

STATE NO-FAULT PLAN IN ACCORDANCE WITH THIS TITLE

SEC. 201. (a) PREEMPTION.—Any provision of any State law which would prevent the establishment or administration in such a State of a no-fault plan for motor vehicle insurance in accordance with this title or title III of this Act is preempted.

(b) STATE PLAN.—By the completion of the first general session of the State legislature which commences after the date of enactment of this Act, a State may establish a no-fault plan for motor vehicle insurance in accordance with this title. Upon the establishment of such a plan, the commissioner shall promptly submit to the Secretary a certified copy of such plan, together with all relevant information which is requested by the Secretary.

(c) DETERMINATION BY SECRETARY.—Within 90 days after the Secretary receives a copy of a State no-fault plan established under subsection (b) or (e) of this section, the Secretary shall make a determination whether such State has established a no-fault plan for motor vehicle insurance in accordance with this title. Unless the Secretary determines, pursuant to this section, that a State no-fault plan is not in accordance with this title, the plan shall go into effect in such State on the date designated in the plan. In no event shall such State plan go into effect less than 9 months or more than 12 months after the date of its establishment.

(d) PERIODIC REVIEW.—The Secretary shall periodically, but not less than once every 3 years, review each State no-fault plan for motor vehicle insurance, which has been approved under subsection (c) of this section and for which there is experience, to determine whether such plan is still in accordance with this title and to evaluate the success of such plan in terms of the policy set forth and declared in section 102 of this Act. To facilitate such review, the commissioner in each such State shall submit to the Secretary periodically all relevant information which is requested by the Secretary. The Secretary shall report to the President and Congress simultaneously on July 1 each year on the results of such reviews, including any recommendations for legislation.

(e) ALTERNATIVE STATE PLAN.—(1) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable following the completion of the first general session of the State legislature which commences after the date of enactment of this Act unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title. The alternative State no-fault plan shall go into effect in a State on the first day of the ninth month after such plan becomes applicable or on a date designated by the Secretary, whichever is earlier.

(2) If, after the alternative State no-fault plan is applicable or in effect in a State, the Secretary, upon petition, makes a determination, pursuant to subsection (c) of this section, that such State has established a no-fault plan in accordance with this title, such State no-fault plan shall go into effect and the alternative State no-fault plan shall cease to be applicable or in effect on a date to be designated by the Secretary.

(3) If, after a State no-fault plan in accordance with this title is in effect in a State, the Secretary makes a determination, pursuant to subsection (d) of this section, that such State no-fault plan is no longer in accordance with this title, then the plan which is no longer in accordance with this title shall cease to be in effect on a date to be designated by the Secretary, and on that date the alternative State no-fault plan shall go into effect in such State.

(f) PROCEDURE.—(1) Before making any determination under this section, the Secretary shall publish a notice in the Federal Register and afford the State and all interested parties a reasonable opportunity to present their views by oral and written submission.

(2) The Secretary shall notify in writing the Governor of the affected State of any determinations made under this section and shall publish these determinations with reasons therefor in the Federal Register.

(3) Any determinations made by the Secretary under this section shall be subject to judicial review in accordance with chapter 7 of title 5, United States Code, in the United States court of appeals for the circuit in which is located the State whose plan is the subject of such determination or in the United States Court of Appeals for the District of Columbia Circuit. Any such review shall be instituted within 60 days from the date on which the determination made by the Secretary is published in the Federal Register.

(g) EXCEPTIONS.—(1) The provisions of this section are inapplicable to the extent inconsistent with this subsection.

(2) Any State which is a no-fault State, as defined in paragraph (4) of this subsection, may establish a no-fault plan for motor vehicle insurance in accordance with this title by the fourth anniversary of the date of enactment of this Act.

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State, as defined in paragraph (4) of this subsection on the fourth anniversary of the date of enactment of this Act, unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law and put into effect a motor vehicle insurance law not later than September 1, 1975, which provides, at a minimum, for compulsory motor vehicle insurance; payment of benefits without regard to fault on a first-party basis where the value of such available benefits is not less than $2,000; and restrictions on the bringing of lawsuits in tort, by victims for noneconomic detriment, in the form of a prohibition of such suits unless the victim suffers a certain quantum of loss or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

(h) REPORTING REQUIREMENTS.—The Secretary, in cooperation with the commissioners, shall annually review the operation of State no-fault plans for motor vehicle insurance established in accordance with this Act and report on—

(1) the cost-savings resulting from the institution of any such plan which meets or exceeds the national standards set forth in this Act and any subsequent savings resulting from the continuing operation of such plans;

(2) appropriate methods for refunding to members of the motoring public any cost-savings realized from the institution and operation of such no-fault insurance plans;

(3) the impact of no-fault insurance on senior citizens; those who live in farming and rural areas; those who are economically disadvantaged, and those who live in inner cities;

(4) the impact of no-fault insurance on the problem of duplication of benefits when an individual has other insurance coverage which provides for compensation or reimbursement for lost wages or for health and accident (including hospitalization) benefits;

(5) the effect of no-fault insurance on court congestion and delay resulting from backlogs in State and Federal courts;

(6) the impact of no-fault insurance, reduced speed limits, and other factors on automobile insurance rates; and

(7) the impact of no-fault insurance on competition within the insurance industry, particularly with respect to the competitive position of small insurance companies.

The Secretary shall report to the President and Congress simultaneously on July 1 each year on the results of such review and determination together with his recommendations thereon.

(i) FINANCIAL ASSISTANCE TO STATES.—The Secretary is authorized to provide grants to any State for the purpose of reimbursing such State for any governmental cost increases resulting from the implementation or administration of a no-fault plan for motor vehicle insurance in accordance with this Act. The Secretary shall, by regulation, establish procedures for awarding such grants on a fair and equitable basis among the States.

(j) AUTHORIZATION FOR APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out his responsibilities under this Act such sums as are necessary, not to exceed $10,000,000, such sums to remain available until expended.

NATIONAL STANDARDS

SEC. 202. (a) GENERAL.—A State establishing a no-fault plan for motor vehicle insurance in accordance with this title shall enact a law which incorporates, at a minimum,

title I of this Act, except sections 101, 102, 112, and 113, and this title except this section and section 201. The provisions of these sections, taken together, shall be known as the "national standards" for State no-fault motor vehicle insurance.

(b) CRITERIA.—A State no-fault plan for motor vehicle insurance is in accordance with this title if it meets or exceeds all of the national standards. A provision in a State plan "meets" a provision in the national standards if the substance of the State plan provision is the same as or the equivalent of the corresponding provision in the national standards. A provision in a State plan "exceeds" a provision in the national standards if the substance of the State plan provision is more favorable or beneficial to an insured or a claimant or more restrictive of tort liability than the corresponding provision in the national standards. Any provision in a State plan as to which there is no corresponding provision in the national standards shall not be evaluated in determining whether such plan meets or exceeds national standards provided such provision is not inconsistent with the national standards or the policy set forth and declared in section 102 of this Act.

On page 69, beginning with line 4, insert:

TITLE II—NATIONAL STANDARDS

CRITERIA AND REVIEW

SEC. 201. (a) GENERAL.—The provisions of title I, except sections 101, 102, 103, 110, 112, 113, and 114, and the provisions of this title, except this section and section 202, are provisions of this Act solely for the purpose of establishing national standards for a State no-fault plan for motor vehicle insurance and shall have force and effect only as part of such a plan, except to the extent that any such provision may apply to section 113 or be incorporated in title III. The provisions of title III are provisions of this Act solely for the purpose of setting forth the provisions of the alternative Federal no-fault plan for motor vehicle insurance and shall have force and effect only as part of such a plan and in accordance with this Act.

(b) CRITERIA.—(1) A State no-fault plan for motor vehicle insurance is in accordance with national standards only if such a plan includes provisions which meet or exceed each of the national standards, pursuant to paragraph (2), and if such plan does not include any provisions that are inconsistent, in whole or in part, with the national standards.

(2) As used in this Act, the term "national standards" means all of the provisions of title I, except sections 101, 102, 112, and 113, and all of the provisions of this title, except this section and section 202. A provision in a State no-fault plan for motor vehicle insurance "meets" a national standard if its substance is the same as, or the equivalent of, the national standard which corresponds to it. A provision in such a State plan "exceeds" a national standard if its substance is more favorable or beneficial, with respect to insureds, victims, or survivors, than the national standard which corresponds to it, or if it is more restrictive of tort liability than the national standard established by section 206(a).

(c) REVIEW BOARD.—(1) There is established, in accordance with the provisions of this subsection, an independent instrumentality within the Department of Transportation, to be known as the No-Fault Insurance Plan Review Board.

(2) The Review Board shall consist of five members, as follows:

(A) the Secretary, or his designee, who shall serve as Chairman of the Review Board; and

(B) four individuals, none of whom shall be employees or consultants of the Federal Government in any other capacity, who shall be appointed by the President, by and with the advice and consent of the Senate, on the following basis—

(i) two to be selected from a list of not less than six qualified individuals recommended by the National Governors Conference;

(ii) two to be selected from a list of not less than six qualified individuals recommended by the National Association of Insurance Commissioners.

A member, other than the Chairman, may receive $300 per diem when engaged in the actual performance of his duties plus reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties. The terms of office of such members first taking office shall expire as designated by the President at the time of nomination—two at the end of the second year and two at the end of the fourth year. Successors to such members shall be appointed in the same manner as the original members and shall have terms of office expiring 4 years from the date of expiration of the terms for which their predecessors were appointed. Any individual appointed to fill a vacancy occurring prior to the expiration of any term of office shall be appointed for the remainder of that term.

(3) The Review Board may adopt, amend, and repeal such rules and regulations as are necessary to carry out the authority granted under this Act, and it may, for the purpose of carrying out such authority, hold such hearings as it deems advisable. The Chairman, subject to the approval of the Review Board and without regard to the civil service and classification laws, may select, appoint, assign the duties, and fix the compensation of such employees and consultants as are necessary to carry out the Review Board's powers and duties under this Act. Three members of the Review Board shall constitute a quorum, and decisions of such Board shall be by majority vote of the members present and voting.

(4) There are authorized to be appropriated to the Review Board for purposes of carrying out its functions under this Act such sums as are necessary, not to exceed $500,000, to remain available until expended, and moneys appropriated for the Review Board shall not be withheld or used by the Secretary for any purpose other than for the use of the Review Board.

STATE NO-FAULT PLAN IN ACCORDANCE WITH NATIONAL STANDARDS

SEC. 202. (a) PREEMPTION.—Any provision of any State law that would prevent the establishment in such a State of a no-fault plan for motor vehicle insurance in accordance with national standards is preempted.

(b) STATE NO-FAULT PLAN.—A State may, at any time, enact into law a no-fault plan for motor vehicle insurance in accordance with national standards.

(c) CERTIFICATION BY CHIEF EXECUTIVE OFFICER.—(1) If the chief executive officer of a State determines that such State has enacted a no-fault plan for motor vehicle insurance in accordance with national standards, such chief executive officer may, at any time following such enactment, submit to the Review Board a certification that such State has established a no-fault plan for motor vehicle insurance in accordance with national standards, together with a certified copy of such plan.

(2) Such a certification, and any recertification pursuant to subsection (d), shall be in the following form: "The State of ——— has enacted into law a no-fault plan for motor vehicle insurance. I hereby certify, pursuant to section 202(c) (recertify, pursuant to section 202(d)) of the National Standards for No-Fault Insurance Plans Act, that this plan, a certified copy of which is attached, is (remains) in accordance with national standards.".

(d) PERIODIC REPORT AND RECERTIFICATION.—The Review Board shall request, not more frequently than every 2 years nor less frequently than every 4 years, from the chief executive officer of a State for which a certification, pursuant to subsection (c), is on file with such Board—

(1) a report evaluating the success of such State's no-fault plan for motor vehicle insurance in terms of such State's contribution to the purposes of the Congress set forth in section 102(b) and in terms of—

(A) the cost to the purchasers of insurance resulting from the institution and continuing operation of such plan;

(B) the impact of such plan on various sectors of society;

(C) the effect of such plan on congestion and delay resulting from backlogs in the courts; and

(D) the impact of such plan on competition within the motor vehicle insurance industry, particularly with respect to the competitive position of small insurance companies in such State; and

(2) a recertification, in the form prescribed under subsection (c), that such State's plan remains in accordance with national standards.

The Review Board shall report to the President and to the Congress simultaneously on March 1 of each year on the results of all such reports that it received during the preceding calendar year, including any recommendations for legislation.

(e) REVIEW BOARD REVIEW.—The Review Board shall meet to review all certifications and recertifications within 90 days of their receipt by the Review Board. The Review Board shall treat a State's certification and recertification of its no-fault plan as prima facie evidence that such plan is in accordance with national standards, and having received such a certification or recertification the Review Board shall make a determination that such a State's no-fault plan is not in accordance with national standards only on the basis of substantial evidence. If the Review Board, under such circumstances, determines on the basis of substantial evidence that a State does not have a no-fault plan for motor vehicle insurance that is in accordance with national standards, it shall issue a declaration of such finding, including the reasons therefor. Except as otherwise provided in this subsection, such a declaration may only be made by the Review Board within 90 days following the receipt by the Review Board of a State's certification, pursuant to subsection (c), or recertification, pursuant to subsection (d). Such a declaration shall be made if a recertification has not been received by the Review Board within 180 days after a request therefor has been made under subsection (d).

(2) If the chief executive officer of a State has not certified, pursuant to subsection (c), that such State has enacted a no-fault plan for motor vehicle insurance in accordance with national standards, as of the second anniversary of the date of enactment of this Act, the Review Board shall meet within 90 days of such second anniversary and issue a declaration that such State does not have a no-fault plan for motor vehicle insurance that is in accordance with national standards. If a State does not have in effect a no-fault plan for motor vehicle insurance, which was certified pursuant to subsection (c), as of the third anniversary of the date of enactment of this Act, the Review Board shall meet within 90 days of such third anniversary and issue a declaration that such State does not have a no-fault plan for motor vehicle insurance that is in accordance with national standards.

(f) ALTERNATIVE FEDERAL NO-FAULT PLAN.—The alternative Federal no-fault plan for motor vehicle insurance in accordance with title III shall become applicable in a State 90 days following the issuance of a declaration by the Review Board, pursuant to sub-

section (e), that such State does not have a no-fault plan for motor vehicle insurance that is in accordance with national standards: *Provided*, That in no event shall such alternative Federal no-fault plan become applicable in any State prior to the second anniversary of the date of enactment of this Act. The alternative Federal no-fault plan for motor vehicle insurance in accordance with title III shall go into effect in a State in which it is applicable 270 days after it becomes applicable. If the chief executive officer of such a State, subsequent to a Review Board declaration that such State's no-fault plan is not in accordance with national standards, submits to the Review Board a certification pursuant to subsection (c), and if the Review Board does not determine, within 90 days after its receipt of such certification, that the plan involved is not in accordance with national standards, the alternative Federal no-fault plan for motor vehicle insurance shall cease to be applicable or in effect in such State and such State's no-fault plan in accordance with national standards shall go into effect on the same date, as designated by the chief executive officer of such State, except that such date shall not be earlier than 90 days following the Review Board's receipt of the applicable certification.

(g) STATE OPTION.—Whenever the alternative Federal no-fault plan for motor vehicle insurance in accordance with title III is in effect in a State, such plan shall be implemented, administered, operated, and maintained exclusively by the Secretary, unless the chief executive officer of such State certifies to the Secretary that such State has enacted legislation authorizing the assumption of these functions. Upon such certification, the State shall implement, administer, operate, and maintain the alternative Federal no-fault plan. However, if a State repeals the legislation assuming these functions, then the Secretary, upon notice in writing, shall perform these functions. The Secretary is authorized to promulgate any necessary regulations, including regulations providing for the orderly transfer from a State to the Secretary, or from the Secretary to a State, of the functions involved in implementing, administering, operating, and maintaining the alternative Federal no-fault plan when such a transfer is required under this section. There are authorized to be appropriated to the Secretary such sums as are necessary to carry out any duties imposed on the Secretary under this subsection.

(h) JUDICIAL REVIEW.—(1) At the option of a State only, a declaration made by the Review Board that such State's no-fault plan for motor vehicle insurance is not in accordance with national standards shall be subject to judicial review in the United States court of appeals for the circuit in which is located such State or in the United States Court of Appeals for the District of Columbia Circuit: *Provided*, That (A) any such review shall be instituted within 60 days from the date on which such declaration by the Review Board was issued; and (B) pending final determination by the court, the alternative Federal no-fault plan shall become applicable and go into effect in such State, in accordance with the provisions of subsection (f).

(2) A determination by the Review Board that a State's no-fault plan for motor vehicle insurance is in accordance with national standards is subject to judicial review to the extent authorized by, and in accordance with, chapter 7 of title 5, United States Code, except that (A) section 705 thereof is not applicable; (B) the appropriate court shall only hold unlawful and set aside such a determination on a ground specified in subparagraphs (A), (B), (C), or (D) of section 706(2) thereof; and (C) any such review shall be instituted within 30 days from the date on which such a determination was made public.

On page 79, in line 13, strike out "this title" and insert "national standards".

On page 79, in line 13, strike out "of this Act".

On page 79, in line 14, before "victim" strike out "any" and insert "a".

On page 79, in line 14, before "survivor" strike out "any".

On page 79, in line 14, strike out "of a deceased victim".

On page 79, in line 15, after "benefits", insert "in accordance with the applicable such plan."

On age 79, in line 17, strike out "Any".

On page 79, in line 19, after "plan" insert "for motor vehicle insurance in accordance with national standards or title III".

On page 79, in line 21, before "survivor" strike out "a".

On page 79, in line 22, strike out "of a deceased".

On page 79, in line 23, after "benefits" insert "in accordance with the applicable such plan".

On page 80, in line 5, strike out "this title" and insert "national standards".

On page 80, in line 8, after "allowable" strike out "expenses as defined in section 103(2) of this Act;" and insert "expenses;".

On page 80, in line 18, after "available" insert "statistics of the".

On page 80, at the end of line 18, strike out "United States".

On page 80, in line 19, after "Commerce" insert a semicolon and strike out "figures;".

On page 81, beginning in line 1, strike out: equal to—

(A) $25,000 multiplied by a fraction whose numerator is the average per capita income in the State and whose denominator is the average per capita income in the United States, according to the latest available United States Department of Commerce figures; or

(B) such total amount

On page 81, at the end of line 16, insert "and".

On page 81, in line 22, strike out "insurance".

On page 81, in line 23, strike out "if he" and insert "who".

On page 81, in line 24, after "while" strike out "he is".

On page 81, in line 24, after "operating" insert "or riding as a passenger on".

On page 82, line 2, strike out "is a passenger on such a vehicle, or both;".

On page 82, line 5, after "claims of" strike out "named".

On page 82, line 6, after "survivors" insert a period and strike out : "; and".

(f) shall permit any legally constituted entity, which is providing benefits other than no-fault benefits on account of an injury, to coordinate such benefits with benefits payable by any restoration obligor on account of the same injury. In order for such coordination to occur, there must be an equitable reduction or savings in the direct or indirect cost to the purchasers of benefits other than no-fault benefits. If benefits other than no-fault benefits are provided to an individual through a program, group, contract, or other arrangement for which some other person pays in whole or in part, then reduction or savings in the direct or indirect cost to such person of such benefits resulting from coordination shall be returned to such individual or utilized for his benefit.

SOURCE OF BASIC RESTORATION BENEFITS

SEC. 205. (a) APPLICABLE SECURITY.—The security for the payment of basic restoration benefits applicable to an injury to—

(1) an employee, or to the spouse or other relative of an employee residing in the same household as the employee, if the accident resulting in injury occurs while the victim or deceased victim is driving or occupying a motor vehicle furnished by such employee's employer, is the security for the payment of basic restoration benefits covering such motor vehicle or, if none, any other security applicable to such victim;

(2) an insured is the security under which the victim or deceased victim is an insured;

(3) the driver or other occupant of a motor vehicle involved in an accident resulting in injury who is not an insured is the security covering such vehicle;

(4) an individual who is not an insured or the driver or other occupant of a motor vehicle involved in an accident resulting in injury is the security covering any motor vehicle involved in such accident. For purposes of this paragraph, a parked and unoccupied motor vehicle is not a motor vehicle involved in an accident, unless it was parked so as to cause unreasonable risk of injury; and

(5) any other individual is the applicable assigned claims plan.

On page 83, line 24, insert:

SEC. 205. (a) PRIORITIES.—If two or more obligations to pay basic restoration benefits apply to an injury, the restoration obligor liable to pay or provide such benefits shall be determined in accordance with the priorities set forth in this subsection. The restoration obligor liable to pay or provide such benefits is the restoration obligor providing—

1st; insurance to an employer, if the victim is an employee, or an employee's spouse or other relative residing in the same household as the employee, if the accident resulting in injury occurs while such victim was driving or occupying a motor vehicle furnished by such employee's employer;

2d; the security under which the victim is or was an insured;

3d; the security covering a motor vehicle involved in the accident resulting in injury, if the victim is or was an uninsured occupant of such motor vehicle;

4th; the security covering any motor vehicle involved in the accident resulting in injury, if the victim is not an insured. For purposes of this section, a parked and unoccupied motor vehicle is not a motor vehicle involved in an accident, unless it was parked so as to cause unreasonable risk or injury; and

5th; coverage under the assigned claims plan in accordance with section 108.

On page 85, line 4, strike "of this section,".

On page 85, line 11, strike "of this section".

On page 85, line 17, strike "this title" and insert "national standards".

On page 85, line 17, strike "prior to" and insert "on the date of the accident resulting in".

On page 86, line 12, after "section 204(b)(2)" insert ", 204(c),".

On page 86, line 12, after "or" insert "204(d)".

On page 86, line 15, after "204" insert a period and strike "of this Act.".

On page 86, line 16, strike:

(5) A person remains liable for damages for non-economic detriment if the accident results in—

And insert:

(5) A person remains liable for damages for non-economic detriment to a victim who sustains injury which results in—

On page 87, line 4, strike:

(6) A person or government remains liable if such injury was caused or not corrected by an act or omission not connected with the maintenance or use of a motor vehicle.

And insert:

(6) A person or government remains liable if such injury is caused in whole or in part by an act or omisison not connected with the maintenance or use of a motor vehicle on the part of such person or government.

On page 87, line 10, strike "WORK" and insert "CALCULATION OF GROSS INCOME LOSS".

On page 87, line 20, strike "work" and insert "gross income".

On page 87, line 21, strike "the" and insert "an".

On page 88, line 2, after "thereof," insert "during which".

On page 88, line 3, strike "sustains loss of income" and insert "was unable to perform work".

On page 88, line 4, after "period" insert "because of the injury".

On page 88, line 5, strike "work" and insert "gross income".

On page 88, line 6, strike "is" and insert "prior to an injury".

On page 88, line 12, after "thereof," insert "during which".

On page 88, line 15, strike "work" and insert "gross income".

On page 88, line 21, after "any," insert "during which".

On page 88, line 23, strike "realize" and insert "perform work for".

On page 88, line 24, after "period" insert ", but for the injury".

On page 88, line 25, strike "(1) Sums for work" and insert "The gross income".

On page 88, line 26, after "loss" insert "of a victim".

On page 88, line 26, after "periodically" insert "recalculated and".

On page 89, line 1, strike "in a manner corresponding" and insert ".".

On page 89, line 1, after "to" insert "reflect any increases in such victim's".

On page 89, line 2, after "compensation" insert "increases".

On page 89, line 4, strike:

(2) Beginning in 1978, and at 5-year intervals thereafter, whenever a dollar figure limits benefits for work loss, that figure shall be multiplied by a number whose numerator is the average weekly earnings of production or nonsupervisory workers in the private nonfarm economy for that year and whose denominator is the average weekly earnings of this group of workers in the base year 1973, according to the latest available figures published by the Bureau of Labor Statistics of the United States Department of Labor.

On page 89, line 22, strike "three" and insert "3".

On page 90, line 3, strike "three" and insert "3".

On page 90, line 9, strike "is domiciled for" and insert "has his principal place of residence during".

On page 90, line 19, strike "of this Act".

On page 91, line 9, strike "of this section,".

On page 91, line 11, strike "is" and insert "shall be".

On page 91, line 14, strike "insurer" and insert "restoration obligor".

On page 91, line 17, strike:

(c) ALLOWABLE EXPENSE DEDUCTION OPTION.—A State no-fault plan for motor vehicle insurance established in accordance with title II of this Act shall include the substantive provisions of this subsection, unless such State finds and reasonably determines, in the course of establishing such plan under section 201(b) of this title, that the inclusion of such provisions in the plan would affect adversely or discriminate against the interests of persons required to provide security covering motor vehicles in such State: Benefits or advantages that an individual receives or is entitled to receive for allowable expense from a source other than no-fault insurance shall be subtracted from loss in calculating net loss for allowable expense where—

(1) such source other than no-fault insurance provides or is obligated to provide such benefits or advantages for allowable expense, as defined in section 103(2) of this Act, without any limitation as to the total amount of such benefits or advantages obligated to be provided;

(2) such benefits or advantages are provided by such source other than no-fault insurance on terms and conditions which comply wholly with the provisions of sections 103 (6), (7), and (16), 109 (c) and (d), and 111(d) of this Act and subject to all authority set forth therein;

(3) such source other than no-fault insurance is required by the applicable State no-fault plan for motor vehicle insurance in accordance with this Act to share, on an equitable basis, in financial burdens and costs of operation of plans established pursuant to sections 105 and 108 of this Act;

(4) such benefits or advantages are provided by such source other than no-fault insurance through group insurance where the individuals who are likely to be the beneficiaries under such group insurance have received notice that there will be such subtraction; and

(5) the commissioner finds that such subtraction will result in economic benefits greater than those which would result from coordination pursuant to section 204(f) of this Act, on the basis of a hearing in which interested parties present competent evidence, and such finding is reviewed in a similar procedure by the commissioner not less than once every 3 years.

The commissioner shall promulgate rules to assure that the economic benefits found under paragraph (5) of this subsection are realized. As used in this subsection, (A) "group insurance" means any plan of insurance offered or provided to members of a group not organized solely for the purpose of obtaining insurance, under the terms of a master policy or operating agreement between an insurer and the group sponsor, and incorporating group average rating, guaranteed issue with or without minimum eligibility requirements, group experience rating, employer contributions, and any other benefit to the members as insureds that they may be unable to obtain in the ordinary channels of insurance marketing on an individual basis; and (B) "group sponsor" means the employer or other representative entity of an employment based group sections 103 (10), (11), and (12) of this Act are inapplicable with respect to such definitions.

On page 94, line 3, insert:

COORDINATION AND COST SAVINGS

SEC. 209. A no-fault plan for motor vehicle insurance in accordance with national standards or title III shall include a program for coordination between—

(1) security covering a motor vehicle; and

(2) sources other than such security that provide benefits to victims;

in order to minimize duplication of benefits and to produce cost savings.

On page 94, line 13, strike "209." and insert "210.".

On page 94, line 20, strike "allowable expense,".

On page 94 line 22, after the semicolon insert "and".

On page 94, line 23, after "vehicle" insert a period and strike:

(4) benefits for expense for remedial religious treatment and care.

On page 95, line 19, insert: Nothing in this subsection shall be construed to prohibit an insurer from offering any other added restoration insurance.

On page 96, line 4, strike "210." and insert "211.".

On page 96, line 15, strike "of this Act,".

On page 96 line 21 strike "acts," and insert "act or failure to act,".

On page 97, line 12, strike "of this Act,".

On page 97, line 17, strike "OTHER" and insert "MISCELLANEOUS."

On page 97, line 18, strike "211." and insert "212.".

On page 97, line 22, after "insurance" insert "in accordance with national standards or title III which is".

On page 98, line 2, strike "State".

On page 98, line 6, strike:

(b) APPROVAL OF TERMS AND FORMS.—Terms and conditions (including forms used by insurers) of any contract, certificate, or other evidence of insurance sold or issued pursuant to a State no fault plan for motor vehicle insurance in accordance with this title or title III of this Act and providing no-fault benefits or any required tort liability are subject to approval and regulation by the commissioner in such State. The commissioner shall approve only terms and conditions which are consistent with the purposes of this Act and fair and equitable to all persons whose interests may be affected. The commissioner may limit by rule the variety of coverage available in order to give purchasers of insurance a reasonable opportunity to compare the cost of insuring with various insurers.

And insert:

(b) APPROVAL OF TERMS AND FORMS.—A no-fault plan for motor vehicle insurance in accordance with national standards or title III shall provide that the terms and conditions of, and rating plans for (including forms used by insurers), any contract, certificate, or other evidence of insurance sold or issued pursuant to such plan are subject to approval and regulation by such State's commissioner, pursuant to any applicable State law. The commissioner shall only approve terms and conditions that are consistent with the purposes of this Act and that are fair and equitable to all persons whose interests may be affected. The commissioner should only approve rating plans that accurately reflect an ineligibility for basic restoration benefits for work loss; the election of a deductible, a waiting period, and/or a low level of monthly basic restoration benefits for work loss, in accordance with section 204; and/or the applicability of a provision in section 208. Unless otherwise prohibited by State law, the commissioner may limit by rule the variety of coverage available in order to give purchasers of insurance a reasonable opportunity to compare the cost of insuring with various insurers.

(c) ADJUSTMENTS IN BENEFITS.—Beginning in 1978, and at 3-year intervals thereafter, whenever a dollar figure limits no-fault benefits, that figure shall be multiplied by a number whose numerator is the average weekly earnings of production or nonsupervisory workers in the private nonfarm economy for that year and whose denominator is the average weekly earnings of such workers in the base year 1975, according to the latest available figures published by the Bureau of Labor Statistics of the United States Department of Labor.

On page 100, line 1, strike "STATE" and insert "FEDERAL".

On page 100, line 2, strike "MOTOR VEHICLE INSURANCE".

On page 100, line 4, strike "State" and insert "Federal".

On page 100, line 5, strike "State".

On page 100, line 7, strike "(e)" and insert "(f)".

On page 100, line 7, strike "201" and insert "202".

On page 100, at the beginning of line 8, strike "of this Act"

On page 100, line 8, after "title I" strike "of this Act".

On page 100, line 9, strike "and (f),".

On page 100, line 9, strike "210, and".

On page 100, at the beginning of line 11, insert "and 212".

On page 100, line 11, strike "of this Act;".

On page 100, line 14, strike "State" and insert "Federal".

On page 100, line 16, after "102" insert a period and strike "of this Act.".

On page 100, line 19, strike "the".

On page 100, line 19, strike "or survivors of a deceased victim".

On page 100, line 20, strike ", as defined in section 102(2) of this Act,".

On page 101, line 10, strike "State" and insert "Federal".

On page 101, line 11, after "effect" insert

"on the date of the accident resulting in such injury".

On page 101, line 23, after "business" add a period and strike "; and".

On page 102, line 1, insert:

(4) A person or government remains liable if such injury is caused in whole or in part by an act or omission not connected with the maintenance or use of a motor vehicle, on the part of such person or government.

On page 102, line 20, strike "allowable expense,"

On page 102, line 23, after "vehicle" insert a period and strike:

; and

(4) benefits for expense for remedial religious treatment and care.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. MOSS. Mr. President, I ask unanimous consent that Mr. Lynn Sutcliffe, a member of the staff of the Committee on Commerce, have the privilege of the floor during the consideration of the bill now before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, is S. 354 the pending business before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. MOSS. Mr. President, I am disappointed to be here again advocating Senate passage of S. 354, the national standards for no-fault auto insurance bill. I am not disappointed because of the issue—it remains one of the most important consumer bills of the 1970's. I am not disappointed because of the bill—it is one of the most carefully prepared pieces of legislation which it has ever been my privilege to sponsor.

No, I am disappointed because it should not be necessary for me to be advocating Senate passage of S. 354 again this year. The Senate passed S. 354, in a form very similar to the current bill, on May 1, 1974, by 53 to 42. If the Senate's will had become law in 1974, all 50 of the States would by now have been well on the way to having good-for-consumers no-fault laws of their own. If the other body had acted, and if the administration had endorsed the Senate position, no-fault auto insurance and benefits would be a reality, rather than a mirage or mixed blessing for all American motorists and pedestrians.

We are here again, almost 2 years later, and those who have advocated State-by-State reform have been sorely disappointed. In the past 1½ years, only one additional State—North Dakota—has enacted a no-fault motor vehicle insurance law. The activity in the States, which opponents of S. 354 cited in previous Congresses as justification for their opposition, has come to a screeching halt. Opponents of no-fault, led by the trial lawyers, have proven themselves increasingly capable in the techniques of blocking no-fault progress at the State level.

The disappointing trend of no-fault progress at the State level can be seen from the following table listing, by year, the States which have enacted no-fault laws which provide benefits to victims without regard to fault and which place some restrictions on unnecessary tort lawsuits:

1970 (1) Massachusetts.
1971 (1) Florida.
1972 (3) Connecticut, Michigan, New Jersey.
1973 (6) Colorado, Hawaii, Kansas, Nevada, New York, Utah.
1974 (4) Georgia, Minnesota, Pennsylvania, Kentucky.
1975 (1) North Dakota.
1976 (0).

I am here to ask the Senate to repeat its action of May 1, 1974 and again pass S. 354. This is the year for successful action on no-fault. For the first time ever, the appropriate subcommittee of the House Committee on Interstate and Foreign Commerce has reported favorably a good national standards no-fault bill, H.R. 9650. Some will say: Why consider no-fault if the President will veto it?

I realize and regret that the administration does not yet support national standards for State no-fault insurance plans, but I am optimistic as to the treatment such a bill would receive from the President if a national standards bill is passed by both the Senate and the House of Representatives. This administration has displayed a perceptive and affirmative attitude toward the problems involved in no-fault auto insurance, but insisted upon State-by-State action, arguing it would proceed expeditiously. It has not. The administration has shown an undeviating concern for good no-fault laws. In his testimony before the Senate Committee on Commerce, the Secretary of Transportation, Mr. Coleman, analyzed the existing State no-fault laws and concluded that only six or seven of them could be characterized as "adequate." The Attorney General, Mr. Levi, in his testimony before the Senate Committee on Commerce, laid to rest a plethora of suggestions that S. 354 was unconstitutional and submitted language to the committee—which was incorporated in the bill as reported—to cure the one defect of constitutional dimension which he perceived in the bill. The administration has continued to insist that the State action will be forthcoming, but with the virtual cessation of non-fault progress at the State level, I am confident that the administration will soon reconsider that position.

In addition, the administration deference to State preeminence in the insurance area has come under attack from within the administration itself. The White House is reportedly considering a proposal by the Attorney General which would eliminate the States' insurance rate setting role, something which S. 354 specifically preserves.

Before I describe the contents of S. 354, as it is before the Senate, and compare the bill to the bill which the Senate passed under the same number in 1974, I should like to identify the material which is piled up here on my Senate desk. In the first pile, the red-covered volumes, are the 26 volumes of research and analysis prepared by a special $2,000,000 study of automobile accident compensation conducted under the direction of the U.S. Department of Transportation from 1967 to 1971. As is well known, the final report of that DOT study concluded that the existing fault system is:

. . . inefficient, overcostly, incomplete and slow. It allocates benefits poorly, discourages rehabilitation and overburdens the courts and the legal system.

In the second pile are volumes of the hearings which have been conducted by Senate committees directly on the question of no-fault auto insurance. The pile does not include some 20 or more additional volumes of testimony which were taken by the Antitrust and Monopolies Subcommittee in the 1960's on the insurance industry generally, even though some of these materials were germane to the creation of the bill before us. First, there are five volumes of hearings on "Automobile Insurance Reform and Cost Savings," or a total of 2,434 pages, which were taken by the Senate Committee on Commerce during the 92d Congress. Second, there are two volumes of hearings on "National No-Fault Motor Vehicle Insurance Act," or a total of 940 pages, which were taken by the Senate Commerce Committee during the 93d Congress. Third, there is a massive volume of 1,566 pages of hearings on "No-Fault Insurance" which were taken by the Senate Committee on the Judiciary during the 93d Congress. Finally, there is a 646-page volume of hearings on "National Standards No-Fault Insurance" which were taken by the Senate Committee on Commerce during this Congress.

In the third pile are volumes of the hearings which have been conducted by a subcommittee of the House Interstate and Foreign Commerce Committee: 1,342 pages during the 92d Congress; 1,867 pages during the 93d Congress; and a large number of pages that I do not have the total of yet during the 94th Congress.

These piles of documents may seem an overly dramatic way of making a point, but I believe it is necessary to indicate the painstaking care and effort which has gone into the creation of the bill which is before the Senate today. There are very few pieces of legislation which have been as carefully studied and prepared as this bill, and I am proud to say that the quality of the legislation has improved markedly as a result of all these hearings and all the other documents which have been prepared.

I ask unanimous consent to have printed in the RECORD a synopsis and description of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SYNOPSIS

The bill provides:

(1) National standards.—A nationwide system of no-fault automobile insurance would be set up by establishing national standards and by requiring each state to enact a no-fault insurance plan that meets or exceeds these standards. Within 3 years after enactment, each state will enact, and, within 4 years after enactment, will put into effect, its own state no-fault plan for motor vehicle insurance in accordance with these national standards. The administration of the plans and the regulation of the insurance industry would remain the responsibility of the states.

If a state does not enact a no-fault plan in accordance with national standards, title III of the bill provides for an alternative federal no-fault plan that would go into effect in the

state 4 years after the enactment of the bill and be administered by the Secretary of Transportation unless the state passes legislation authorizing the constituted authorities of the state to administer the title III plan.

(2) Benefits.—The national standards call for: (A) Paying all of the reasonable medical and rehabilitation expenses of all motor vehicle accident victims; (B) compensating each such victim for lost wages up to at least $15,000; and (C) paying a reasonable amount to compensate for the cost of hiring others to perform tasks that the victim is no longer capable of doing personally because of the accident. In death cases, the national standards call for paying a reasonable amount in survivor's losses, including funeral expenses, and for permitting tort lawsuits in all cases.

(3) Fault-based lawsuits.—The victim may sue the person at fault for economic losses for which he or she does not receive compensation under the applicable no-fault plan. In addition, fault-based lawsuits are permitted for noneconomic detriment (pain and suffering) in all wrongful death cases and in all cases in which the victim suffers a serious and permanent disfigurement or other serious and permanent injury or where the victim is prevented from engaging in his or her usual and customary daily activities for more than 90 days, as a result of the motor vehicle accident.

(4) Consumer and victim protections.—(A) The no-fault benefits must be paid within 30 days of submission of proof of loss, or else the restoration obligor (insurance company, self-insurer, or obligated government) must, in addition to the benefits, pay interest on the amount due at the rate of 18 percent a year;

(B) If no-fault benefits are overdue, the victim may retain an attorney and the restoration obligor must pay reasonable attorneys fees in addition to any benefits it subsequently pays or is required to pay;

(C) A state must maintain a plan to assure that the insurance is available to all who are required to be insured, that is, all owners of motor vehicles;

(D) Cancellation and nonrenewal of insurance policies is restricted;

(E) The state insurance commissioner is to provide comparative price information re auto insurance to consumers in his state; and

(F) Seriously injured victims must be referred to the appropriate vocational rehabilitation agency.

DETAILED DESCRIPTION

General

The bill established federal standards (termed national standards) for no-fault motor vehicle insurance, a mechanism for determining compliance with these standards, and an alternative federal no-fault plan for states that do not adopt the national standards. These standards will become law and govern the rights and liabilities of motor vehicle accident victims and motor vehicle owners only as part of a state no-fault plan in accordance with national standards.

The bill establishes a process that will result, within 3 to 4 years after the date of enactment, in a nationwide system for the restoration of motor vehicle accident victims and their survivors through complementary, but not necessarily identical, no-fault plans for motor vehicle insurance.

Once the system is in place, each individual (motorist, vehicle occupant, or pedestrian) who is injured in a traffic accident will be entitled to receive, at a minimum, compensation for all of the reasonable medical and rehabilitation treatment necessary to recover from the accident and its effects, reimbursement for lost wages up to $15,000, and a reasonable amount for survivor's loss. The motorist will be free from suit in tort unless his negligence caused death, serious and permanent injury or disfigurement, or an injury that results in the victim sustaining more than 90 continuous days of total disability.

The bill is a national-standards, rather than a total federal, bill. A federal bill would provide for the administration and implementation of its provisions by officers and agencies of the United States, whereas a national-standards bill leaves all questions of administration and implementation to the states so long as the minimum standards enunciated in its provisions are met.

The Committee believes that a national-standards bill is preferable to a federal bill, as the best means to satisfy the national interest in assuring proper medical treatment and rehabilitation and maximum feasible restoration of all persons injured on federal-aid highways and other public roadways in or affecting interstate commerce. First, a national-standards bill, by leaving all questions of administration and implementation to the states, prevents the federal bureaucracy from intruding upon the states in areas of traditional state responsibility. Insurance is such an area. Second, a national-standards bill relieves the Congress of the necessity to legislate or to delegate quasi-legislative powers to agencies with respect to all aspects of a problem or situation, thereby permitting it to screen out matters that are peripheral and matters where it is premature to legislate, while focusing on the basic or core requirements and criteria which are ripe for action.

The basic or core interests of the Federal Government in the area of motor vehicle accident reparations relate to: (1) the need for sufficient uniformity between, and compatability among, the 50 state automobile compensation systems to assure that a resident of any one state will receive acceptable levels of treatment and benefits in case he is injured in a traffic accident in any of the other 49 states; and (2) the need to define for all of the people of the United States the minimum benefit levels necessary for the minimization of human suffering and for the maximization of recovery by victims at the lowest cost possible (most victims are injured on highways built largely with funds appropriated by the Congress).

As used in this bill, a national standard is a provision established by Act of Congress. New standards cannot be established, nor can existing standards be modified or repealed, except by another Act of Congress. No officer or agency of the United States is granted any authority to issue regulations with respect to the national standards.

This bill would preempt any provision of any state law which would prevent the establishment in any state of a no-fault plan for motor vehicle insurance.

Procedure

Each state could enact at any time a state no-fault plan in accordance with national standards. A state no-fault plan for motor vehicle insurance is in accordance with national standards only if it includes provisions which meet or exceed each standard. The national standards are met or exceeded by a state plan's provisions if the state provisions are in substance the same as, equivalent to, more favorable or beneficial to insureds, victims, or survivors of deceased victims, or more restrictive of tort liability, than the national requirements. State plan provisions as to which there are no corresponding provisions in the national standards are not affected unless they are inconsistent with the national standards.

After the chief executive officer of a state certifies that his or her state's plan is in accordance wth national standards, an independent No-Fault Insurance Plan Review Board, a majority of whose members will be appointed in accordance with the recommendations of the National Governors Conference and of the National Association of Insurance Commissioners, will review that certification and plan.

The Review Board, upon substantial evidence, may make a determination that a plan is not in accordance with national standards, in which case it issues a declaration containing its reasons for that finding; such a declaration is subject to judicial review. The Review Board is directed to issue such a declaration (1) if a state that has a certified no-fault plan in effect does not submit a required recertification to the Board within 180 days after the Board requests it; (2) if a state does not enact and certify that it has a plan in accordance with national standards by the second anniversary of the date of enactment of this bill; or (3) if a state does not have a certified plan of its own in effect by the third anniversary of enactment.

If the Review Board issues a declaration that a state does not have a conforming plan, the alternative federal no-fault plan (the plan pursuant to title III of the bill) becomes applicable in that state 90 days later. Unless that state submits the necessary certification that it has a plan in accordance with national standards, the alternative federal no-fault plan for motor vehicle insurance will go into effect in that state 270 days after the date it first becomes applicable. The title III plan ceases to be applicable or in effect as soon as the state involved enacts and certifies its own plan in accordance with national standards. The alternative federal no-fault plan, once in effect, would be administered by the Secretary of Transportation unless the chief executive officer of such state certifies that such state has authority to assume such functions.

The determination of whether a state no-fault plan is initially and continually in accordance with the national standards is the only operational responsibility of the Federal Government (except as to title III), and that responsibility is to be discharged by an independent Review Board, a majority of whose members will be responsive to the states, rather than the Federal Government. All other activities—regulation of insurance, setting of rates, taxing, management of motor vehicle registration, investigation of claims, and litigation procedures—remain the responsibilities of the states in accordance with state law. Having set the national standards as a basic floor, the Federal Government goes no further. S. 354 leaves each state free to develop its no-fault plan beyond the minimum standards and, except for periodic reporting and recertification to the Review Board, each complying state is free from any involvement with any federal agency.

Scope of national standards

The national standards cover only the primary requirements for a system that will operate coast-to-coast to assure that every victim of a motor vehicle accident anywhere in the United States gets an acceptable degree of treatment and compensation at a reasonable cost. Non-essential requirements are not mandated for the nationwide system (i.e., there is no national standard as (a) to whether residual tort liability insurance should or should not be compulsory, (b) as to whether motor vehicle damage and other property damage loss should or should not be included within the no-fault system, (c) as to how motorcycles should be treated, and so forth).

At a minimum, a state establishing a no-fault plan for motor vehicle insurance in accordance with national standards would require each owner of a motor vehicle present or registered in the state to provide continuously security (via an insurance policy or approved self-insurance) for the payment of "basic restoration benefits." This security must pay basic restoration benefits (on a periodic basis as loss accrues) up to at least the following levels:

(1) all reasonable charges for medical

treatment and care, emergency health services, and medical and vocational rehabilitation services (grouped together under the heading "allowable expense");

(2) reimbursement for all of a victim's work loss—

(A) up to his monthly earned income prior to the accident if the amount was disclosed and agreed to in the insurance policy before the injury, or $1,000 times a formula which reflects differences in average per capita income in different states, whichever is less, and

(B) up to a total amount as determined by the state plan. The total work loss benefits shall be at least $15,000;

(3) reimbursement for replacement services loss (cost of obtaining services that the victim would have performed personally but for the accident—e.g., cooking or child care), subject to reasonable limitations set by the state; and

(4) compensation for survivor's loss subject to reasonable limitations set by the state; the term includes funeral and burial expenses.

With respect to claims by an insured (person named in a policy or residing in the same household as a named insured), the bill authorizes a state to allow deductibles not to exceed $100 per individual, and a no-benefits waiting period not to exceed 1 week. With respect to owners of vehicles having less than four wheels (e.g. motorcycles), a state may authorize a deductible in an amount deemed reasonable.

A state plan may require that basic restoration benefits include greater work loss benefits. A state plan may, in addition, require insurers to offer coverage for added restoration benefits as compensation for noneconomic detriment (pain and suffering). Coverage for property loss (i.e., physical damage to a motor vehicle) must be offered to each owner as added restoration insurance, but a state plan may either treat auto damage on a fault basis (as at present in all of the states except Massachusetts and Michigan) or place it under a no-fault system.

Lawsuits to recover economic losses (termed "loss" in the bill) would in general be permitted when loss exceeds basic restoration benefit limits. Lawsuits to recover in tort for noneconomic detriment would not be permitted unless a motor vehicle accident victim died, suffered serious and permanent disfigurement or other serious and permanent injury, or suffered more than 90 continuous days of total disability.

Under the national standards, motor vehicle insurance (security for the payment of basic restoration benefits) is the primary source for payment of the losses of victims and the survivors of deceased victims. To prevent duplication and to produce cost savings, each state is to establish a program for coordination between security covering a motor vehicle and sources other than such security that provide benefits to victims.

In order for a state no-fault plan to be in accordance with national standards, it must also (1) meet a standard designed to make motor vehicle insurance available to all; (2) provide for the payment of 18 percent annual interest penalties on overdue no-fault benefits; (3) provide for the payment of reasonable attorney's fees by insurers if a victim must go to court to obtain such benefits; (4) provide a system for payment of assigned claims; (5) provide the means to enable consumers to compare prices being charged by insurers; (6) establish a program to assure the accountability and availability in such state of necessary emergency medical services and medical and vocational rehabilitation services; (7) require that a no-fault system operate between insurance companies as well as between motorists, except where an accident involves different types of vehicles; (8) implement priorities for the payment of benefits in cases in which more than one no-fault benefits source is available; (9) require insurers to offer motorists certain added restoration benefits coverages; and (10) have a program for coordinating benefits which duplicate one another.

Alternative plan

The provisions of the alternative federal no-fault plan are all requirements which "meet or exceed" national standards. A title III plan is the same, in terms of content, benefits, restrictions, etc., as a state plan that conforms to national standards except that (1) it will be administered by the Secretary of Transportation unless the chief executive officer of the state certifies that the state officials can assume the functions and (2) it will provide greater benefits to victims and lawsuit restrictions than are required by national standards.

The alternative federal no-fault plan for motor vehicle insurance in accordance with title III places no limitations on the total benefits that a victim or the survivor of a deceased victim could receive. Work loss benefits would be paid up to $1,000 a month multiplied times a formula which reflects differences in average per capita income in different states, but there would be no limitation on the total amount of basic restoration benefits for work loss. Similarly, benefits for replacement services loss and survivor's loss would be paid as long as the loss resulting from an accident endures, subject to a $200 per week ceiling.

The right to sue, in the hope of recovering damages for economic or noneconomic detriment, would be eliminated, except in the cases of suits against owners of uninsured vehicles, persons in the business of making or repairing motor vehicles, persons who intentionally cause injuries by acts or omissions not connected with the maintenance or use of a motor vehicle.

Compensation for economic loss would be provided by the basic restoration insurance. Compensation for noneconomic detriment would be available to each person who chooses to purchase extra coverage. This "no-fault pain and suffering" coverage must be offered by each insurer writing basic restoration insurance in a title III state, and, pursuant to such coverage benefits for noneconomic detriment would be payable to a victim without regard to fault, in such amounts and upon such terms and conditions as the policyholder selected. The policyholder would not, however, be required to buy this pain and suffering insurance.

Exclusions

Under both a state no-fault plan in accordance with national standards and the alternative federal no-fault plan, no benefits would be paid to a victim for intentionally-inflicted injuries or to a victim over 15 who had stolen the motor vehicle involved in the accident resulting in injury. A motor vehicle owner driving without the necessary motor vehicle insurance who suffers injury would be entitled to receive basic restoration benefits from the assigned claims plans minus all the optional deductibles and exclusions required to be offered in the state and minus $500 in benefits for each year of the owner's failure to provide the necessary security (no such deduction would be made from allowable expense items).

Choice of laws rules

The bill provides easily applied and consistent rules for resolving questions arising when persons travel from state to state. If a motor vehicle owner satisfies the security requirements in the state in which that vehicle is registered, he or she is deemed to have satisfied the security requirements in every state through which that owner drives while the insurance is in effect. When an individual is injured in an auto accident, the benefit levels of the plan in effect in the state in which the victim has his or her principal place of residence determine that victim's maximum benefit levels regardless of the source of those benefits.

An insurer is obligated to pay benefits to a claimant based upon the provisions of the no-fault plan in effect in the state in which the claimant has his or her principal place of residence. An accident victim's lawsuit rights are also governed by the law of that state. If a person from a state which has not yet enacted no-fault is injured or if a person's principal place of residence is not in any state (e.g., a foreign tourist), then the no-fault plan in effect in the state in which the accident occurs controls questions as to the level of benefits and tort lawsuits. These provisions make the national standards system practical and workable by permitting state by state variation above the minimum standards without creating impossible burdens on interstate motorists and their insurers.

Mr. MOSS. The bill as reported—hereafter referred to as "the 1975 bill"—is basically the same no-fault motor vehicle insurance bill that passed the Senate in the 93d Congress, on May 1, 1974—hereafter referred to in this chapter as "the 1974 bill." However, the committee has made the following improvements in the 1974 bill:

First. More authority for the States. The 1974 bill authorized and directed the Secretary of Transportation: A. to evaluate each State no-fault plan to determine—subject to judicial review—whether it was in accordance with national standards; B. to periodically—not less than once every 3 years—review each approved State plan in operation and to evaluate it; C. to designate the date on which the alternative—title III—plan is to go into effect in a State in which it is applicable; D. to review the operation of State no-fault plans and to report annually on seven enumerated factors in relation to these plans; and E. to provide financial assistance to States for cost increases resulting from the implementation or administration of no-fault plans.

The committee concluded that this grant of authority might be more extensive than necessary; that it might lead to the Department of Transportation overseeing State insurance departments; and that this authority might at some point be exercised in ways that were inconsistent with the spirit of the McCarran-Ferguson Act (15 U.S.C. 1011 et seq.), a statute in which Congress delegated the responsibility for the regulation of the business of insurance to the States.

Accordingly, the 1975 bill establishes an independent instrumentality to exercise the essential functions previously granted to the Secretary. The No-Fault Insurance Plan Review Board replaces the Secretary of Transportation as the arbiter of whether or not a State no-fault plan is and remains in accordance with national standards. All but one of the five members of the Review Board will always have an orientation toward State interests, by reason of the selection mechanism prescribed for these members: Four of the members of the Review Board are to be appointed by the President—by and with the advice and consent of the Senate—from lists of qualified individuals recommended by

the National Governors Conference, and the National Association of Insurance Commissioners. The Chairman of the Review Board will be the Secretary of Transportation in order to take advantage of the expertise which the Department of Transportation has developed in this field. Decisions of the Board will be by majority vote.

As provided by the 1975 bill, the chief executive officer of a State that enacts a no-fault plan in accordance with national standards will certify that fact to the Review Board. The Review Board will review each certification within 90 days, but it is obligated to "treat a State's certification and recertification of its no-fault plan as prima facie evidence that such plan is in accordance with national standards, and . . . (it) shall make a determination that such a State's no-fault plan is not in accordance with national standards only on the basis of substantial evidence." [Section 202(e)].

The Review Board will require, and review, periodic reports and recertifications by the States in which no-fault plans are in effect; report to the President and Congress annually on reports received from the States; and perform responsibilities with respect to the alternative—title III—plan. The Board's decisions are subject to judicial review, and the Review Board is granted the powers necessary to the execution of these responsibilities (that is, authority to hire its own staff).

Second. Position of a title III State.—The 1974 bill arguably necessitated that the government of a State as to which title III was applicable—a State which fails, within the time specified, to enact its own no-fault plan in accordance with national standards—would be required—until it establishes its own plan—to administer, through its own officers and employees, the alternative no-fault plan in accordance with title III of the bill.

This potential imposition of affirmative duties on certain States has been criticized as unwise and/or unconstitutional.

Accordingly, the 1975 bill eliminates any possibility of imposing affirmative duties in State officials. The Secretary of Transportation will implement, administer, operate, and maintain the alternative Federal no-fault plan in any State in which it is in effect, unless the chief executive of such State certifies to the Secretary that such State has authority to assume these functions. Thus, no State could ever be compelled, under the 1975 bill, "to create agencies and to staff and fund them to administer a Federal law"—as alleged, with respect to the 1974 bill, in the minority views contained in the report of the Judiciary Committee. The new provision was drafted and submitted to the committee by the Attorney General.

Third. Coordination between motor vehicle insurance and other benefit sources.—The 1974 bill, first, required each State meeting national standards to permit coordination against other sources of benefits that would compensate for the same losses as no-fault insurance; and second, provided that, in a State under the "allowable expense deduction option," a person's allowable expense losses could be met by insurance other than no-fault insurance if the other insurance provided the same benefits, conformed to the same obligations, and was found by the State insurance commissioner to produce greater economic benefits—Mondale/Stevens amendment.

The 1975 bill removes these provisions and instead imposes a general national standard—each State shall provide a program for coordination between required no-fault motor vehicle insurance and other sources.

Fourth. Loss adjustment between different classes of motor vehicles.—Under the 1974 bill, a State no-fault plan in accordance with national standards could provide for loss adjustment based upon fault between restoration obligors who pay no-fault benefits for loss arising out of a multiple vehicle accident involving at least one vehicle of a type other than a passenger motor vehicle if the State designates that the owner of that type of motor vehicle "would receive an unreasonable economic advantage or suffer an unreasonable economic disadvantage" in the absence of such loss adjustment. The 1974 bill limited the availablility of this reimbursement to no-fault benefits paid in excess of $5,000. The 1975 bill authorizes such reimbursement "with respect to benefits paid for loss in excess of $100" in order to further reduce the possibility of any such unreasonable economic advantages or disadvantages and to assure premium savings for the private passenger vehicle owner.

Fifth. Additional time for compliance with national standards for existing "no-fault States."—The 1974 bill granted each State which already had a no-fault motor vehicle insurance law extra time in which to bring that law up to the requirements of the national standards. The provision granted each such State approximately 2 additional years in which to meet or exceed the national standards.

The 1975 bill does not contain this provision since, as a consequence of the failure of the Congress to enact S. 354 in the 93d Congress, each such State has received an additional 2 years to come into compliance. To include the same provision in this bill would, as a practical matter, grant each such State an additional 4 years.

Sixth. Financial assistance to States.—This provision in the 1974 bill was deleted since the Federal Government may now be obligated to pay the full cost of implementing a title III plan in any State.

Seventh. Insurance for the working poor.—The 1974 bill contained a separate provision requiring, as a national standard, that each State make required insurance coverages available "to any economically disadvantaged individual, at rates . . . which shall not be so great as to deny such individual access to insurance which it is necessary for him to have in order to earn income and to be or remain gainfully employed."

This provision is deleted in the 1975 bill not because of any lessening of concern for the problem of the poor person who may for the first time be subject to a compulsory insurance law, but because the provision mandated the use of one particular method of dealing with the problem. The determination of the manner—but not the determination of the need—of making required insurance available to the working poor who need the use of an automobile to remain employed would be left to the States in keeping with the national standards approach of the bill.

Eighth. Accountability of suppliers of rehabilitation services and availability of emergency medical and rehabilitation services.—The 1974 bill required, as a national standard, that each State insurance commissioner: First, maintain, through his State's locational rehabilitation agency, a program for the evaluation of medical and vocational rehabilitation services under no-fault to assure that the services are legitimate, that the victims are making "progress toward a greater level of independent functioning," and that the charges are fair and reasonable; second, be authorized to take all steps necessary to assure that emergency medical services are available for each victim suffering injury in the State; and third, be authorized to take all steps necessary to assure that medical and vocational rehabilitation services are available for each victim residing in the State.

It was argued that these provisions were unduly specific for national standards, and that they imposed on State insurance commissioners functions for which they were neither trained nor equipped. Under the new text, a State would decide upon the content of its own accountability and availability program for these life-saving and life-restoring services.

Ninth. Burial and related expenses.—The 1974 bill classified expenses "directly related to the funeral, burial, cremation, or other form of disposition of the remains of a deceased victim" in the "allowable expense category of loss, even though this item of compensation is actually a benefit to the survivors of a deceased victim. The 1975 bill reclassified these expenses as items of "survivor's loss."

Tenth. Choice of laws rule: Domicile against principal place of residence.—The 1974 bill provided that in a multi-State injury and loss situation the controlling law would be the no-fault plan for motor vehicle insurance in effect in the victim's State of domicile—or, in the case of a deceased victim, in the State in which the latter was domiciled until his death. The concept of domicile turns on the subjective and largely unverifiable "intent" of the person involved to make a particular State his or her domicile. To forestall any uncertainty, and consequent delay in providing no-fault benefits to victims and survivors, the 1975 bill makes the controlling law the no-fault plan in effect in the State in which the victim has—or had, in the case of a deceased victim—his or her principal place of residence. The latter test turns on objectively verifiable incidents.

Eleventh. Fees for claimant's attorney.—The 1974 bill required restoration obligors to pay a reasonable attorneys fee whenever a claimant retains an attorney if the restoration obligor thereafter pays disputed no-fault benefits to the victim or if a lawsuit is commenced for such benefits, unless the court finds that the claim or any significant part of the claim is "fraudulent or so excessive as to have no reasonable foundation." The provision has been severely criticized because it would require insurance companies to pay claimants' attorneys' fees in cases in which the courts decide against the claimants on the merits of their claims.

The section has been modified in the 1975 bill to require the payment of attorneys' fees only when a claimant recovers, but the court is authorized to award such fees in other cases in its discretion in the interests of justice. The amount of the fee awarded is to include an amount for the "risk" to attorneys that courts will not award fees in some cases where claimants lose.

Twelfth. Implementing compulsory insurance.—There was never any intention to have S. 354 set any national standards with respect to the manner in which or the method by which a State may choose to implement and administer the requirement of compulsory motor vehicle insurance. Nevertheless, the 1974 bill did include a provision (section 104(d) (Obligations upon Termination of Security)) which could have been interpreted to restrict a State in this regard. This subsection was not included in the 1975 bill.

Thirteenth. Inflation adjustment.—The 1974 bill provided for benefit level adjustments for the effect of inflation with respect to limits on work loss benefits. Since inflation can affect other categories of loss as well as work loss, the provision has been expanded to cover all no-fault benefits and placed in the section on miscellaneous provisions.

Fourteenth. Overlap between no-fault motor vehicle insurance and workmen's compensation insurance.—The 1975 bill adds a new provision (section 103(16)(C)) to prevent overlap between: first, State no-fault plans for injuries arising out of the maintenance or use of a motor vehicle; and second, State workmen's compensation laws for injuries arising out of and in the course of employment. An employee injured in the course of his or her employment in a motor vehicle accident would continue to be compensated under the applicable State workmen's compensation law rather than under the applicable no-fault plan.

Fifteenth. Direct payment to suppliers.—The 1974 bill provided that restoration obligors could make direct payment to suppliers and providers of allowable expense products, services, or accommodations or they could reimburse the victims for these expenses. In order to expedite the receipt of payment by hospitals, emergency medical services providers, doctors, and rehabilitation clinics, and for the convenience of persons covered by no-fault insurance, the 1975 bill provides for direct payment to such suppliers and providers unless the victim requests otherwise or unless a State no-fault plan in accordance with national standards provides otherwise; the obligation of the restoration obligor and that of the victim/survivor are placed on the same basis.

Sixteenth. Technical, stylistic, and conforming changes have also been made.

As the debate on this measure progresses. I hope my colleagues will carefully review the arguments pro and con on this bill. If they do, I am confident that the Senate will pass this measure by an overwhelming margin.

LAWYERS AND NO-FAULT: NEW YORK AS A CASE STUDY

Mr. President, in the last few years, as Congress and the various States have debated the no-fault issue, the trial bar in this country has been extremely vocal in its opposition to any kind of automobile insurance reform which limits a person's right to sue but guarantees his right to recover. When the legislation was first being considered in Congress, the trial bar said that reform should proceed on a State-by-State basis. Then at the State level the trial bar did everything they could to prevent the passage of no-fault or weaken the lawsuit restrictions in State laws to such an extent that the plans were almost doomed to failure.

Now the trial bar is arguing against the passage of a national no-fault bill on the basis that no-fault has failed at the State level. The trial bar is pointing to several newspaper articles that appeared 3 or 4 months ago which said that no-fault in the State of New York and in the State of Florida was less than ideal.

Those of us who have been working on automobile insurance reform for a number of years are not surprised that States like New York and Florida are having problems with their no-fault insurance system. But until recently I had no idea of how responsible the legal profession in this country might be for the failure of no-fault in New York and in Florida.

The following letter illustrates how the trial bar has attempted to circumvent State no-fault plans and goes a long way toward explaining why no-fault at the State level, weak to begin with, has been made much weaker. To my mind the disregard for the intent of the law evidenced in the following correspondence borders on the unethical:

DEAR DOCTOR: We are the attorneys for the above patient(s) who came under your care for injuries sustained in an auto accident after the new "No-Fault" Auto Insurance law became effective February 1, 1974.

Under the "No-Fault" law, a patient is entitled to medical and dental care benefits up to a $50,000 limit for each accident. This is in effect a mandatory medical payments benefit to the patient now written into every auto insurance policy involving an auto accident. The medical bills would be paid promptly . . . so the insurance industry told the public!

In exchange for this full medical benefit, the new No-Fault law took away a person's right to sue in substantially all auto accident cases unless the patient's total bill for hospital and medical care combined, exceeded $500.

We have taken the case of the above patient(s) on a contingent basis, pending determination as to whether or not the cost of reasonable medical care of the patient will exceed the $500 minimum threshold limit.

The $500 threshold minimum, arbitrarily put on the right to sue by the New York State Legislature, applies to a combined expense of hospital care, x-rays, reasonable charges for services of the general practitioner, orthopedic surgeon, neurologist, or any other specialists the general practitioner or other doctors treating the patient, deem reasonable and necessary under the circumstances for the cure of the injuries of the patient . . . it also includes dental bills related to the accident.

Since the patient(s) would not be able to recover for pain and suffering beyond the actual out-of-pocket expenses of his medical care, unless the medical care exceeds $500, may we strongly ask you to constantly consider and remain aware of the fact that the medical care given will be promptly paid by the insurance carrier upon the presentation of your bills. Would you also send the patient(s) for x-rays, hospital care, diagnostic tests for treatment, orthopedic, neurological or other specialist consultations to aide in treating the patient(s). These other medical costs will also be promptly paid, should the severity and seriousness of the injuries warrant your utilization of all or some of the other medical care and consultants, etc.

You will be aiding the patient(s) in not only giving them the best and complete available medical care the insurance policy can buy but you will also be aiding the patients in assuring them that they will have their day in court when they can sue for pain and suffering resulting from medical injuries.

As a courtesy to you and your patient(s) we will process your claim for medical bills, as they become due, without charge, should we accept the patient(s) liability case if the total medical bills for the patient(s) exceed $500.00.

We have prepared an Authorization for Payment, Under No-Fault Auto Insurance form and enclose a copy for your records. Please note that we have acknowledged your lien and will send for the amount due to you as your bills are submitted or preferably near the end of treatment. We will remit the balance owing to you as soon as received, all without charge to you.

Again, please don't hesitate to refer the patient for further work-up or care on consultations, if necessary. We will collect the insurance monies for this additional care for the doctors and hospitals, etc., all without charge if the combined medical care exceeds $500 and we pursue the legal action further.

We hope that the information contained in this letter is enlightening and will guide you in treating auto liability claims under the new "No-Fault" law. In effect, it is a guaranteed medical payment plan for the medical profession built into every auto liability policy. Other than payment of medical bills, the patient generally receives no benefit under the new law unless and until his combined cost of medical care exceeds $500.00.

Of course, we, as attorneys, can only benefit the patient when and if his individual case exceeds $500.00 when we will accept the case. You can now readily see why we will collect your medical bills for you if we accept the case. Since we expect to make a fee from the patient's claim when successful in his auto liability claim, as a courtesy to him and to you, we will process his claim for medical bills as we have done in the past.

Realizing that there may be confusion in the interpretation of the new law, please call us from time to time if you have any questions. We would be glad to explain it

to you over the phone, or in person, at your convenience.

Awaiting your preliminary report on the injuries sustained, we are,

Sincerely yours,

POPS & ESTRIN, P.C.,
BY PAUL R. POP, MELVYN J. ESTRIN.

At my direction, the attorneys who appear on the letter were contacted by phone and asked whether the letter was authentic and whether it had been sent. Melvyn Estrin acknowledged that the letter had been sent, but stated that "certain corrections" were recently made at the direction of the judicial conference. He would not specify which corrections were made and would not supply any further information.

Under S. 354 this kind of conduct cannot take place. We recognize, again and again, how the letter said:

We have to get over $500 or you don't get anything. Doctor, run the bill up to $500. Send him out for further examinations. Consult, do whatever you need, but get it over $500, because that is the threshold.

The threshold is where the lawyers begin to get their cut in the so-called no-fault law of the State of New York.

In contrast, under S. 354 it would be very difficult for a lawyer to convince his client to do nothing for 90 or 180 days in order to get half of the so-called pain and suffering reward that the trial lawyer might be able to squeeze out of the insurance company. I, for one, would not lay flat on my back for 90 or 180 days in order to get $500 or $1,000 for myself and give $500 or $1,000 to my attorney.

But apparently a number of people are willing to go to doctors for a day or two of expensive treatment in order to get that $500 or $1,000 for themselves and for their attorney under no-fault laws that exist in New York, Florida, and elsewhere. One State that is not having problems of this sort—a State that the trial bar conspicuously ignores as it talks about the efficacy of no-fault with my colleagues in the Senate—is the State of Michigan whose plan is almost identical to the minimum Federal standards contained in S. 354.

Similar chicanery has been practiced in Florida, according to a grand jury report from the Circuit Court of the 11th Judicial District, Dade County, Fla. I ask unanimous consent that a copy of that report be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Circuit Court of 11th Judicial Circuit, Dade County, Fla.]

INVESTIGATION INTO FALSE CLAIMS OF LAWYERS AND DOCTORS

The Grand Jury has heard testimony concerning the practice of a small group of lawyers, physicians, osteopaths, chiropractors and hospitals who work together to inflate or outright falsify personal injury claims.

In one case which could not be carried forward because of the death of the principal witness, the person involved in the accident had been contacted by a runner for an attorney. The injured party never saw the attorney and never went to his office. The attorney presented a bill to the insurance company for a rental automobile his client was supposed to have rented while his own car was being repaired. The client never rented the car and never saw the car. He knew nothing about the rental agreement.

In the same case, the attorney presented to the insurance company a $700 bill and one and a half page report of a physician who claimed to have treated and examined the client. The client did not know the doctor and had never met or spoken with the doctor. This is an extreme case. The more typical practice is described as follows:

The runner for a lawyer will contact a person involved in an auto accident. The person will have little or no injuries. He would not have otherwise contacted an attorney. The person contacted will usually be in a low income group and unsophisticated about legal or business matters. He will, of course, also have to have a little larceny in his heart.

The runner will advise the prospective client that he stands to make a few thousand dollars if he signed with lawyer "X" and does what the lawyer tells him to do.

The client signs. The runner sends him to a doctor who is usually the same doctor the lawyer uses for his other clients. The client will oftentimes not otherwise have even seen a doctor following the accident which is maybe just a minor fender bender. The lawyer and doctor then tell the client he will have to enter the hospital and take some time off from work. Hospitalization isn't necessary, but the lawyer needs to show expenses in excess of the $1000 threshold limit set by F.S. 637.737. Only if expenses exceed this limit may the client collect for pain and suffering under Florida's "no fault" insurance law.

Usually the same hospital is used again and again by the same doctor-lawyer combination. Traction or muscle relaxants may be prescribed to give some basis for hospitalization.

After discharge from the hospital, the client will be told to return to the doctor's office regularly. The client will rarely see the doctor, but a nurse will administer therapy. The therapy may consist simply of sitting in front of a machine which purportedly administers "deep heat" treatment. After two or three months of such therapy the patient will be discharged. The doctor will submit detailed reports to the lawyer. At least one doctor submits the same report for all such patients to the lawyer with whom he does business, with only the name of the patient changed.

The lawyer submits the bills and reports to the insurance company. The insurance company knows something isn't right but it would cost more in legal fees to litigate the case than to settle for the few thousand dollars usually paid out in these cases. If the insurance company pays $3000 in such a case, the lawyer will get a $1000 fee for about an hour's worth of work. The doctor will receive $700 or so, the hospital a similar sum and the client the balance.

It is difficult to prosecute the cases. The lawyer simply says that he doesn't know how the client came to his office and he was simply relying on what the doctor told him was necessary for treatment. The doctor will simply say that the client complained of neck pains and he was doing what he thought was medically necessary. The client's story is often contradictory and confused as to whether he suffered any pain or injury and the circumstances under which he decided to seek the lawyer's advice.

We are told the scheme described above is far more prevalent in Dade County than elsewhere around the state. However, of the 4500 lawyers in Dade County, only a few engage in such practices. We want to stress this point because these people involved in these schemes are not typical of the legal or medical profession. There are many fine lawyers and doctors and they are shocked by the practices we describe here. But the people who create these false claims are contributing by their practices to greatly increased insurance premiums in Dade County and to a further erosion in the public's confidence in the Bar. They are known in their professions, but neither the Bar and its ultimate governing body, the Supreme Court of Florida, nor the Medical Boards have taken effective action to oust these people from the practice of law or medicine.

To eliminate or at least make inroads on this practice, we recommend the following:

1. Local attorneys and the Judiciary should attempt to control this practice of their own members by establishment of Rules of Court similar to those adopted by the Appellate Division of the First Judicial Department of the Supreme Court of New York, copies of which are attached to this report. This Rule of Court requires every attorney who enters into a contingent fee arrangement with his client to file a written statement of the agreement with the main office of the Courts of the City of New York. The statement must contain the following information:

a. Date of agreement.
b. Terms of compensation.
c. Name and address of client.
d. Date and place of accident or other occurrence on which the case is based.
e. Name, address, occupation and relationship of person referring the client.

The attorney is then required to file a closing statement with the Courts when the case is closed without recovery or when he receives any part of the proceeds of the litigation or settlement as his contingent fee. The closing statement shall contain the following information:

a. Name of Plaintiff and defendant.
b. Information concerning manner in which litigation was concluded.
c. Date of payment by insurance carrier or defendant and date client received payment.
d. Gross amount of recovery.
e. Name and address of insurance carrier or person making payment.
f. Net amount paid to client and retained by attorney.
g. Manner in which compensation was fixed.
h. Itemized statement of all expenses such as doctors' and hospital bills paid for the client out of the amount recovered.
1. Itemized statement of costs incurred such as expert witness fees for which payment is made out of the recovery.

These closing statements are confidential and are not available for inspection except by written order of the Presiding Judge. The attorney must also deliver a copy of this closing statement to the client and at the same time pay to the client the amount due him from the recovery. Receipt by the client of this money does not foreclose his right to petition the court to have the court investigate and determine the question of the attorney's compensation.

The Court Rule also provides a schedule of what it considers to be reasonable fees in personal injury and wrongful death actions but if extraordinary circumstances are determined to exist, the Court may approve fees in excess of the schedule.

2. These Rules should be strengthened by requiring a representation under oath by the attorney that the expenses incurred were necessary and proper to the best of his knowledge based upon an investigation he personally made. Any doctor receiving payments from the lawyer or client should be required to file a statement under oath that the treatment he rendered was necessary and proper and that he knows of his own knowledge that the services for which he billed were performed and that the amount billed is reasonable compensation for those services. The client should be required to state under oath in the initial statement that he did in fact have symptoms from the accident and who

referred him to the attorney. The making of a false statement should constitute perjury.

3. Procedures for disciplining an attorney or physician who violates this Rule by misrepresentation or failure to disclose should be clearly spelled out. The penalty for intentional misrepresentation or failure to disclose should be disbarment or removal from the medical profession.

4. The Rule should also provide for an automatic review process by the Judiciary to insure that fees paid on a contingent basis are reasonable.

5. The Florida Bar must give priority in its budget to the discipline of lawyers who violate ethical standards or any law. Discipline should be the principle function of the Bar.

6. The various Medical Boards must establish the same priorities to insure that unethical and dishonest doctors are not permitted to practice in this State.

7. The Judiciary must realize that the public expects prompt and effective discipline of lawyers who have abused the position of trust they hold as officers of the Court. Unless the Supreme Court begins to impose strict penalties on erring attorneys, the public's confidence in the Bar will never be restored.

8. The Legislature should review the No-Fault Insurance legislation and increase the threshold limit which determines when monies may be collected for pain and suffering.

Mr. MOSS. Mr. President, first, I want to point out that this Michigan legislation is a genuine no-fault law with a strong threshold, a strong restriction on tort lawsuits for pain and suffering. But there are exceptions to this restriction. There are cases of real pain and suffering.

If his pain and suffering causes his disability, total disability, for 90 days or 180 days, whichever the final figure, or if he is permanently disfigured, or if he has suffered permanent injury, then, of course, he has the right to sue for pain and suffering. His tort rights are preserved. In cases of death they are fully preserved.

In return for giving up the right to sue for pain and suffering where discomfort was minimal, the accident victim is paid immediately for all of his medical expenses, all of his rehabilitation expenses, all of his costs of maintaining his house, and supplement for his loss of wages. All that is paid to him in return for surrendering the right to sue in less severe cases.

The fault system has failed totally. Because of that failure we have been seeking another way to provide the medical care that automobile accident victims need.

This is the bill we talked about before. This is the bill about which former President Nixon said, "The time has come for no-fault." Many have spoken in favor of the concept of no-fault. Some have argued to leave the matter to the States. Yet the States have stalled their action on no-fault. The States have not done it nor are they likely to do it.

I stress again that S. 354 simply sets down the basic standards. The States will continue to operate and regulate their systems exactly as they are doing now if they adopt those standards in their own State laws.

It does not derogate from the powers of the State insurance commissioner or the State itself unless they refuse to enact a no-fault bill that meets certain minimum standards.

Mr. President, the report speaks for itself.

I urge my colleagues to step up and be counted on the no-fault issue and not hide behind some nonexistent question of Federal intrusion into State prerogative. There are no such intrusions. And without S. 354 the trial bar of this country will continue to engage in the kinds of abuses represented by the letter that I have quoted from above and the grand jury report submitted for the RECORD.

In the course of our discussion on this legislation, we will be able to talk about many of the features. I do not wish to prolong my remarks at this time. I am glad to yield to my colleague from Alaska who I hope has some things to say about the bill before us.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, it is time that we face the fact that the State-by-State approach to implementing no-fault auto insurance is a failure.

Too few States have acted, and there is evidence that the rate of enactment is tapering off.

Most States which have passed no-fault laws have enacted plans that are woefully deficient. Most State plans do not provide unlimited medical benefits on a first-party basis, and make extremely weak limitations on lawsuits. Many States also have mandated unfounded rate cuts, which have produced underwriting losses among the insurance companies, and which are partially responsible for recent rate increases.

Many who previously advocated a State-by-State approach now see the need for uniform Federal action. Prudential Insurance Co., a respected and solid member of the insurance community and a long-time opponent of the bill, has announced that it now supports S. 354 and hopes that the days of a State-by-State approach are over. In a letter to the Commerce Committee, the president of that company said:

Up to now we have favored a state by state approach to no-fault just because of the need to get experience on how the requirement for this very new kind of coverage might vary locally. However, too many of the largest states have not passed such laws. Where no-fault laws have been passed, they have benefits, tort exemptions, and administrative requirements differing in ways that seem arbitrary rather than reflecting various state conditions. In some states the so-called "no-fault" laws have included no tort exemption at all. In many others the threshold for liability suit has been very easy to cross, especially with the continuing inflation in medical costs. The result has been confusion among the public, high administrative expenses for insurers, and not as much improvement in the efficiency of automobile insurance as promised by the no-fault concept. We have come to the conclusion that the country needs the kind of federal guidelines embodied in S. 354 if the no-fault idea is to realize its promise.

Again, I was quoting from a letter from the president of the Prudential Insurance Co.

It has been argued by some critics that the Federal Government is involved in too many things and that the enactment of Federal standards will defeat through preemption the initiative of the States to enact no-fault plans. There are of course, numerous precedents for Federal action in the area of insurance—flood insurance, crop insurance, and crime insurance come immediately to mind. S. 354 permits far less Federal participation than any of these programs.

S. 354 is not a Federal program for insurance. It proposes only minimum standards. The plans are administered on the State level, and the States would continue to operate their insurance departments and set rates and approve policies. The States are left substantial flexibility in fashioning their own plans. Unlike other Federal programs, S. 354 does not set up a large Federal bureaucracy to administer this program, but would leave control in the hands of State officials.

While the sponsors never envisaged a large Federal role, some critics argued that the earlier versions of S. 354 might have been applied by the Secretary of Transportation in such a way as to result in significant Federal Government regulation of automobile insurance.

In 1975, I proposed, and the Committee on Commerce accepted, an amendment to transfer the all-important authority to determine whether a State no-fault law is "in accordance with national standards" from the U.S. Department of Transportation to an independent review board. The review board will be permanently dominated by members responsive to State governments. It would be composed of five members, four of whom must be named from lists of qualified individuals recommended to the President by the National Association of Insurance Commissioners and the National Governors Conference. The fifth member is the Secretary of Transportation.

Neither the Department of Transportation nor any other department or agency of the Federal Government has any authority to expand upon the national standards set forth in the legislation itself. Only the review board is authorized to issue regulations and the review board can do so only as to the procedure by which it determines whether or not a State law meets or exceeds national standards.

On the question of providing room for States to establish plans responsive to local needs and conditions, it is important to note that there are many areas in which State flexibility is neither necessary nor appropriate. There are no unique conditions in the States regarding injuries suffered as a result of automobile accidents that justify having a fault system in one State and a no-fault system in another. Even most differences among State no-fault plans are not attributable to any real differences in the States. For example, the tort threshold in Colorado is $500; in more rural North Dakota it is $1,000. In the relatively rural State of Minnesota, the threshold is $2,000 while in more urban States such as New York and New Jersey, the thresholds are $500 and $200. These differences do not reflect anything different about driving conditions or accident seriousness or frequency.

With regard to the substantive content of State plans, S. 354 merely establishes a framework. It permits a large degree of flexibility in those areas in which differences among the States are real. The following is a summary of the decisions States may make in fashioning their no-fault plans.

First. Each State can decide for itself whether to include motor vehicle property damage within the no-fault system—in whole, in part, or not at all. The only relevant national standard is one that requires insurers to in fact offer to sell first-party property damage insurance.

Second. Each State can decide for itself the extent to which some categories of loss must be compensated on a no-fault basis. The States may limit no-fault benefits for work loss, subject to a $15,000 minimum. The State may determine what, if any "reasonable exclusions or monthly or total limitations" to place on basic restoration benefits for the expenses incurred in obtaining services in lieu of those he would have performed himself but for the injury. The States must decide what, if any, reasonable exclusions or limitations to place on death benefits under a no-fault policy. The only national standard in this regard is that the minimum amount paid on a no-fault basis must be "reasonable."

Third. Each State decides whether motorists should be required to purchase liability insurance, and if so in what amounts and upon what terms.

Fourth. Each State may include or exclude motorcycles from its no-fault plan.

Fifth. A State is free to decide whether or not to permit insurers to offer optional deductibles from basic restoration benefits.

Sixth. The State may restrict the right to sue for damages on the basis of fault beyond the national standard.

Seventh. A State determines whether insurers should be required to sell first-party benefits coverage for "non economic detriment to a victim" for those who desire it. A State must decide what, if any, other added restoration benefits coverages should be made available by insurers, for example, excess work loss coverage, benefits for the loss of the use of one's motor vehicle,

Eighth. A State may narrow or eliminate the ability of insurers to settle claims.

Ninth. States may set higher interest penalties companies must pay on overdue payment.

Tenth. States are free to devise their own plans to enforce the requirement that owner of a motor vehicle continuously provide security, such as insurance, for his motor vehicle.

Eleventh. Each State decides whether to establish its own State fund to provide coverage to individuals "who cannot conveniently obtain insurance through ordinary methods" at reasonable rates.

Twelfth. Each State decides whether to restrict, beyond the provisions of the national standards, an insurer's right to cancel, to fail to renew, or to otherwise terminate insurance providing security for the payment of basic restoration benefits.

Thirteenth. Under the national standards, only basic restoration benefits attributable to loss sustained within the first 60 days after a motor vehicle accident and benefits for allowable expense are exempt from garnishment, attachment, execution, or other claim by creditors. A State may decide to exempt personal injury benefits from the reach of creditors, completely or for more than 60 days.

Fourteenth. Each State determines how to meet the national standard with respect to the maintenance and operation of an assigned claims plan and assigned claims bureau.

Fifteenth. The State determines the means by which to "inform purchasers of insurance about insurance rates so that purchasers can compare prices." A State may also decide how to implement the requirement set by the bill as to how much beyond simple rate disclosure it wishes to go in assuring that purchasers of insurance in the State are sufficiently well informed to make the best decision for themselves in the automobile insurance marketplace—for example, information about claims practices of each company, percentage of premiums returned as benefits by each company.

Sixteenth. A State can decide how to assure the accountability of suppliers and the availability of emergency and rehabilitation services for victims.

Seventeenth. A State is free to decide whether or not to avail itself of the language specifically authorizing a State to maintain a fault system under which a person can be held liable to pay a fine for driving practices that do not meet the standard of driving care. The fine cannot be paid or reimbursed by an insurer or other restoration obligor.

Eighteenth. Each State determines the content of its program to coordinate no-fault insurance and other sources of benefits to victims.

Nineteenth. Each State may decide whether to grant a right of reimbursement between restoration obligors based upon fault in multiple-vehicle accidents involving at least one vehicle other than a passenger motor vehicle.

Those are just examples of some of the areas left open to the discretion of the States under a national standards system that would not be left open under a total Federal no-fault insurance concept.

It is high time that those who oppose this bill realize that the alternative to a national standards concept is in fact a no-fault Federal system. The willful failure of State legislatures to step in and act in this area can only lead to a renewed demand for a total Federal no-fault system. I hope my colleagues will recognize that. This may be one of the last opportunities the Senate will have to set national standards which will assure the viability of the State insurance systems as we have known them in the past, as we change from a fault concept to a no-fault concept. I do not think anyone disagrees that that is the direction this country must go if we are to assure that the fair portion of the premiums paid by those seeking to insure themselves against loss from accidents really goes to the victim rather than to those people who process the claims or adjudge fault. We are spending too much money trying to determine who is at fault. Every year less and less money is going to those who are actually injured by the total motor vehicle system as we know it.

I would also like to address the claim made by many opponents of this bill that no-fault would destroy the American legal profession. These claims are extraordinarily exaggerated.

First, it strains credulity to believe that all claimants will be promptly and completely paid the benefits to which they are entitled. In fact, in cases in which there is a dispute about payment of benefits, victims will be more likely to press their claims in court because their reasonable attorneys fees will be paid by the insurance company, and their judgment will be augmented by 18 percent interest per year from the time the payment is overdue.

Second, there are many, many categories in which the victims retain their right to sue. For example, a tort suit can be brought to recover damages that are not covered by basic restoration benefits on a no-fault basis. Victims can also sue for general damages if they suffer serious and permanent injury or disfigurement, or are disabled for more than 90 days, or in cases of death.

Finally, according to a recent article entitled "No-Fault Effect on Lawyers Seems Slight," in the New York Times, predictions by lawyers that no-fault would cause massive dislocations in the legal profession have not proved true.

This bill has survived years and years of exceeding close scrutiny and study. We on the Commerce Committee have revised and revised it to meet various objections that have been made to it.

The major changes that have been made, some of which I suggested and others which have come from other members of the committee, have been with regard to giving the States more authority to implement their plans but still have some uniformity brought about by national standards.

I am satisfied that by the time we finish with this legislation, this will be the best no-fault bill that the Members of the Senate will have an opportunity to vote for.

I am hopeful that the Senate will pass this bill and send it to the House for action to assure a new concept and, further, to reassure those who are involved in automobile accidents that the insurance premiums will be devoted primarily to healing their injuries and helping to rehabilitate them rather than squandering those benefits on a system that we inherited from the common law of England.

I am certain that that will be one of the subjects to be discussed by my good friend from Alaska.

I might state to my friend from Utah that I do have an amendment to offer that will provide assurances that the benefits for medical care and rehabilitation under this bill will not be abused. I would be happy to send that amendment to the desk and have it consider-

ed now or at any time. Since the Senator is managing the bill for the majority, I would like to have his comments as to when it would be in order.

Mr. MOSS. Well, if the Senator from Alaska will withhold it for now, I think we should have several of these introductory statements that are to be made first. I would welcome the amendment as soon as we have completed that process, whether it be later this afternoon or when we take up tomorrow. I would hope that by the time the Senator's amendment comes on, we will have better attendance on the floor. I have read it and understand it, and I think it is a good amendment, but I would like him to have the opportunity to present it to enough Senators so that we are sure we have objective action on it.

So, if the Senator will withhold his amendment for now, I will assure him we will get to it as early as possible.

Mr. STEVENS. If my friend from Utah has no objection, I would like to send this amendment to the desk and put the statement in the RECORD, so that those who are not present can review it, their staffs can reviews it and tomorrow we can discuss in detail what the concept is and why it is neecssary.

I ask unanimous consent that the amendment be printed in the RECORD following remarks that I make for the RECORD at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1546

Mr. STEVENS. Mr. President, I am pleased to submit an amendment to S. 354 which provides assurances that the benefits for medical care and rehabilitation will not be abused.

The purpose of S. 354, national standards for no-fault automobile insurance, is to compensate all victims of automobile accidents more efficiently than does the existing tort liability system. It is essential to S. 354 that all accident victims receive all necessary emergency medical care, medical services, and rehabilitation of high quality, and that those services be paid for promptly and completely.

I am concerned lest this purpose be compromised by abuse of the medical and rehabilitation provisions. National standards for no-fault must provide the States with the wherewithal to prevent the system from condoning abuse or permitting payment for services which are not necessary for recovery.

I offer these amendments to S. 354 because I am concerned that abuses present in medicare and medicaid could occur under national standards for no-fault without the addition of proper safeguards. We need look only as far as the newspapers to see such abuses in medicare and medicaid with fraud investigations and resulting indictments across the country. Experience in New Jersey, whose State no-fault law provides for unlimited medical benefits with no controls on abuse, demonstrates that the same may occur under national standards unless S. 354 provides a practicable accountability standard with realistic and adequate guidelines. Practices reported in New Jersey, which include use of one fee schedule for regular patients and a different, higher fee schedule for patients covered by no-fault insurance, cannot be tolerated.

Not all abuse takes the form of deliberate and outright fraud. Estimates show that Federal medicare and medicaid expenditures will increase from $21.7 billion in fiscal year 1975 to $30.4 billion in fiscal year 1977, an increase of almost 40 percent in 2 years due almost entirely to price and utilization increases rather than growth in the number of persons who participate in and benefit from the programs. The semiprivate room rate, which had been increasing at about 6 percent a year, 13 and 20 percent following the introduction of these two Federal programs. This phenomenon can be thought of as overutilization.

Overutilization is intensified by the current malpractice crisis. Fearing lawsuits, physicians repeat diagnostic and laboratory tests and keep patients hospitalized beyond the time when they could receive the medically necessary level of care from an ambulatory care facility at less expense. Overutilization, both as a money-generating device and as a byproduct of physician caution. must be faced.

If overutilization and its accompanying costs are not controlled, then premiums will have to rise, so that enough money will be available to compensate all injured victims. If a phenomenon similar to the explosion of inflation which affected the health care industry after the introduction of medicare and medicaid occurs with national standards for no-fault, then the insurance companies will be forced to respond by one or more of the following:

First. Restricting reimbursement to providers. This means penalizing injured persons. Physicians or hospitals will not accept certain cases because of low reimbursement rates. The elderly have had to face this eventuality where physicians will not open their practices to medicare patients.

Second. The insurance companies resisting payment of claims. Even though insurance companies will have to pay 18 percent on overdue benefits and will have to pay attorney's fees for the claimant, they may do so as a means of putting pressure on the health professions. This situation already exists under the tort system, and in fact was among the problems that no-fault was designed to correct. To support "adjusters" for health benefits would defeat the purpose of no-fault; it would also increase operating expenses to the point that premium rates would become unnecessarily high as they are under the existing system.

Third. Petitioning for rate increases. None of these options satisfy the basic requirement of S. 354 to guarantee benefits to victims without "blaming" them for the results of the accident. While preventing abuse and overutilization is important, this must be accomplished without destroying the assumption of good faith between the insurer and the victim or tampering with the doctor/patient relationship. The scandal and rancor which have flowed from attempted reforms after-the-fact in other areas dictates that preventative measures be taken at the onset for national standards for no-fault. Moreover, because S. 354 is a bill which mandates "standards" rather than "programs," the States must have flexibility and wide leeway to develop and control their own machinery to make the system fit their particular situations.

To meet that need, I am offering an amendment to modify the accountability provision of the bill—section 109(c). The current provision requires each no-fault State to have "a program" for evaluating and assuring the quality of services provided for victims and the accountability of suppliers and providers for the costs of those services. The amendment replaces the "program" with the requirement that each no-fault State establish "a governmental mechanism, which shall be empowered to set prospective guidelines" for matters covered in the existing provision. The provision is further amended to include all allowable expense and to empower the "mechanism" in each State to establish guidelines as to what constitutes, for example, a "reasonably needed" service for victims with particular injuries.

The amendment reinforces a structure which has already taken into account the possibility of "cost overruns" by defining three categories: First, medical treatment and care; second, emergency medical services; and third, medical and vocational rehabilitation services, and coupling those items with the definition of allowable expense. Within the context of S. 354, allowable expense means "reasonable charges incurred for, or the reasonable value of—when no charges are incurred—reasonably needed and used products, services, and accommodations"—section 103(3). The "reasonable value when no charges are incurred" is included to make sure that prepaid services, such as health maintenance organizations, are covered. The success or failure of the administration of S. 354 may hinge on who judges what constitutes "reasonable charges," "reasonable value," and "reasonably needed."

The intent of the amendment is to assure that by specifying the establishment of a governmental mechanism, the reasonableness of those costs will be determined by an impartial mechanism exterior to the individuals or institutional entities which directly benefit from providing the service—that is, the hospital, the doctor, the ambulance driver—and also the insurance company which must pay out benefits. Those interests may participate, but the public should be confident that special interests do not dominate the process of determining "reasonableness."

On one hand, the amendment intends to discourage unnecessary services or overutilization; on the other hand, the amendment intends to encourage the use of ambulatory services or home care where medically appropriate. The "governmental mechanism" should take both these negative and positive approaches and any others which serve the ultimate goal of providing just that level of care necessary to the recovery, administered by a person trained to that level of care. It has been generally recognized that when providers are reimbursed according to their costs on a retrospective basis

according to "customary charges" for services performed, all incentives for keeping costs down are effectively removed. The amendment intends to discourage that situation where professional judgments about treatment are made without any notion of the economic consequences.

Recognition of the economic consequences should not be interpreted as an exclusionary device or encouragement of shoddy medical practice. Rather it should be taken to mean favoring use of less expensive practices, personnel—for example, paramedical, nursing physical therapist—or therapeutic settings where medically appropriate.

S. 354 specifically provides for payment for services rendered at ambulatory facilities. It also covers payment for "replacement services." The insurance company will pay for the victim's hiring someone to do chores, such as cooking, which the victim cannot do because of injuries received in an automobile accident. Greater use of outpatient facilities cuts costs. For example, a June 1974 report for the State of Maryland projected that proper utilization of outpatient services in that State could eliminate 5 percent of all hospital admissions and reduce the average length of stay by the same amount.

Although automobile accidents do sometimes result in such injuries as spinal cord, burns, or head/brain problems, the greatest numbers consist of broken bones, cuts and contusions, or bruises. While painful and not to be minimized, these latter types of injuries tend to be less complex with less likelihood of complication than the former. The former, more difficult to treat injuries make up only about 2 percent of all injuries received. Except for the possibility of infection, most of the less serious types are medically "straightforward," are particularly amenable to quick discharge from the costly inpatient setting, to nonacute care facilities, or to home care. Even in the case of infection, the victim might be better off outside the hospital setting because hospital-based infection is a serious health hazard.

What types of machinery would satisfy the "governmental mechanism" requirement?

PSRO's would certainly qualify under the amendment to S. 354 as a mechanism for evaluating and supervising services. Professional standards review organizations—section 249F of 1972 social security amendments, Public Law 92-603—are local, nonprofit, professional organizations open to membership of all doctors within a designated area. Their task is to establish standards of care—norms—for the treatment of different illnesses. After norms are agreed upon, a panel of PSRO members screen claims for medicare and medicaid payments; failure to comply with "professional obligations" can result in termination of reimbursement. The part of the statute particularly relevant to cost control states that each PSRO shall review health care services for which Federal payments are made for the purpose of determining whether: First, such services and items are or were medically necessary; second, the quality of such services meets professionally recognized standards of health care; and third, in case such services and items are proposed to be provided in a hospital or other health care facility on an inpatient basis, such services and items could, consistent with the provisions of appropriate medical care, be effectively provided on an outpatient basis, or more economically in an inpatient facility of a different type.

In addition, each PSRO shall have the authority to determine in advance whether any elective admission to a hospital or other facility, or any other service consisting of extended or costly courses of treatment is medically necessary or could be effectively provided on an outpatient or less costly basis.

These provisions have obvious cost-reducing potential and could fall under the type of mechanism described under the amendment to S. 354. The Senate Finance Committee report—Senate Report 92-1230—said:

> Over the long run, the PSRO provision, properly implemented, should result in substantial reductions in program costs and improved quality of care.

However, the Commissioner of the Social Security Administration testified—in HEW appropriations hearings before the House Appropriations Committee, April 20, 1974:

> The cost question is very difficult. The theory is that PSRO's would have an influence on costs by insuring that the most proper and effective use of medical resources and facilities are used (sic), and if that theory holds up, there should be a beneficial effect on costs. The question is, will it hold up, and in my judgment that depends on the medical people who participate in the program. If people who can influence other doctors will participate fully, then the program will have the desired effect. On the other hand, if the people involved don't get the support of the medical profession as a whole and have little influence, the whole program could fail.

Under S. 354, the "mechanism" enjoys at least one advantage over the PSRO. It confines itself to a vastly more limited range of health problems than does PSRO, which must consider the whole spectrum. The governmental mechanism is directed to draw up "guidelines" just as PSRO is charged with drawing up "norms." However, in contrast to PSRO where the patient/victim may develop symptoms over a long period of time or initiate doctor visits for a wide variety of complaints, the scope of these guidelines limits itself to those injuries caused by the traumatic event of an automobile accident.

An important aspect to the amendment is that the guidelines and the mechanism shall be prospective to any actual situation. The machinery should be in place and the guidelines drawn up as soon as possible after the enactment of S. 354. Insurers, victims, and health care providers should know as soon as possible what constitutes "reasonableness of cost," et cetera. All persons involved must recognize that the uncertainty of payment is detrimental to patient recovery, provider judgments as to course of therapy, and insurer financial status. Furthermore, prospective guidelines have proven to be the only type which work.

Fourteen States have shown interest in regulating hospital costs during the past year with introduction of legislation in 12 States. Four States now have the authority to control charges—Connecticut, Maryland, Washington, and Massachusetts. Of those, Connecticut's cost control law has been in operation the longest, having been enacted in 1973. The law has combined in a single agency, the Connecticut Commission on Hospitals and Health Care, the function of health care planning, administration of certificate of need, and rate review. The commission has reduced the rate of cost escalation not only for private hospital patients, but also for overall hospital costs.

Before enactment of the legislation Connecticut's rate of escalation in hospital costs tracked closely with the countrywide experience. Subsequently, the Connecticut rates compared favorably as shown below:

> Fiscal year, Connecticut, and Total U.S.:
> 1973–1974, 6.1% increase, 11.8%.
> 1974–1975, 8.3%, 13.9%.
> 1975–1976, 9.6%, 14% estimate.

Thus, price increases for the average patient were reduced more than 40 percent below the national average during the 3 years that the Commission has been in operation. The hospital industry cooperated closely with the commission, as did the rest of the health care community. Without that cooperation, such progress could not have been achieved. The success of the Connecticut commission shows that such a mechanism can operate successfully without compromising the hospitals' financial stability or costing the government large sums. This year the Connecticut legislature responded to the need to integrate the previously mentioned PSRO legislation and the activities of the commission. They enacted new legislation which provides that the commission "shall adopt regulations designed to require State professional standards review organizations to extend their review of certain inpatient services to services received by all patients."

What would constitute successful implementation of the emphasis on home care? Home care means setting up proper facilities at the patient's own residence and making sure that trained personnel such as visiting nurses or physical therapists are available at home when the patient's condition requires a level of care beyond the capabilities of the patient or the family. Successful programs in Rochester, N.Y., shows that 5 percent of all days in the hospital could have been eliminated, had the patient been discharged to home care promptly. The cost per day of home care in the Rochester program was $13.70, as compared to $76.40 for a hospital day.

What would constitute guidelines for reasonable costs for a product? A relatively simple example comes in the area of drug reimbursement, where HEW has issued a set of regulations—July 31, 1975. These regulations would limit prescription drug reimbursement under medicare and medicaid to the "maximum allowable cost." HEW sets a price for each drug, based on the lowest cost at which the drug is widely available. In May 1976

the "maximum allowable cost" will extend to 15 or 20 types of drugs, in 3 years to all 50 of the most commonly prescribed medications. According to former Secretary of HEW, Casper Weinberger, the program will save State and Federal Governments $75 million a year. Because, once again, the scope of S. 354 is narrower than that covered by Federal programs regulated by HEW, such guidelines would be easier to devise and implement for accident victims.

Should the "mechanism" and prospective guidelines not function properly in the isolated case, the amendment provides a final line of deterrence for abuse of the system. The amendment provides that the requirement of submission of reasonable proof, before no-fault benefits are due, may include a requirement that the accident victim submit to a physical examination is authorized by guidelines issued by the State mechanism. This provision should not be invoked unless reasonable evidence presents itself that the victim is malingering or that the medical situation is extraordinary or that the guidelines contain no applicable standards. The physical examination must be held at a time and place convenient to the victim. The results of such examination shall not be furnished, even in summary form, except to specified interested persons, including the victim personally. This provision should not be utilized as a method of harassment against a victim. It represents a reasonable and legitimate method of checking on legitimacy without undue infringement on individual integrity.

The other substantive provision of the amendment pertains to rehabilitation. Full recovery of all accident victims is the goal of S. 354. The full force of the bill is devoted to developing incentives which encourage the victim to pour his efforts into regaining his health. Often the course of rehabilitation is long and painful. The very nature of the trauma of an automobile accident and the resulting length of therapy may result in temporary discouragement or loss of faith. Yet, experience gleaned from the Veterans' Administration, whose results restoring casualties from the military to productive lives, shows that victims must enter rehabilitation right away or muscles will atrophy; irrevocable damage will be done. In order to furnish a final incentive to the victim to get over many of the psychological hurdles, the amendment provides that if a victim unreasonably refuses to accept appropriate medical and vocational rehabilitation services for other than religious reasons, then the applicable insurer may commence an appropriate proceeding to make the no-fault benefits payable to that victim commensurate with the benefits that would be due, had the victim accepted rehabilitation services. The emphasis on the "unreasonableness" on the part of the victim is intended. The provision should not be construed as applying to occasional setbacks or lapses in therapy, but rather to intransigent victims who refuse to participate in efforts to regain their health.

This provision derives from the treatment of the subject in the Uniform Motor Vehicle Accident Reparations Act—UMVARA, section 34(d)—the model State law which provides the basis for most of the national standards in S. 354.

The amendment broadens the rehabilitation referral function to include the State vocational rehabilitation agency as well as a facility which is accredited or approved pursuant to section 103(7). It also modifies the definition of medical and rehabilitation services to make sure that the term excludes educational services unrelated to the victim's vocational objectives.

All of the modifications in these amendments have been considered long and carefully. The changes reflect the results of the laboratory tests provided by many of the State no-fault laws. I believe that S. 354 will offer a more workable, more practicable set of standards to the States with the addition of these amendments, and I urge their adoption.

Mr. STEVENS' amendment is as follows:

AMENDMENT No. 1546

On page 12, line 3, strike out "professional".

On page 19, line 2, after "services." insert the following: "The term does not include educational services which are not related to vocational objectives of a victim.".

On page 19, strike out lines 4 and 5 and insert in lieu thereof "for allowable expense unless (A) the facility in which or through which".

On page 19, line 12, strike out "." and insert in lieu thereof "; and (B) there is compliance with applicable guidelines established under section 109(c).".

On page 36, line 10, after "by this paragraph." insert the following: "The term 'submission of reasonable proof' may include a requirement that the victim submit to an examination by experts selected and compensated by the applicable restoration obligor if (A) such examination is authorized by, and conducted in accordance with, guidelines established under section 109(c), at a time and place convenient to such victim; and (B) the results of such examination are made available, upon request, to such victim, to any supplier or provider of allowable expense services for such victim, and, if such victim files a claim for loss or damages under section 206(a)(4) or (5), to the applicable liability insurer.".

On page 36, line 10, after "Unless" insert the following: "the applicable restoration obligor is".

On page 51, line 15, strike out "include a program" and insert in lieu thereof "provide for the establishment of a governmental mechanism, which shall be empowered to set prospective guidelines,"

On page 51, line 17, strike out ";" and insert in lieu thereof "and medical treatment and care".

On page 52, strike out lines 1 and 2 and insert in lieu thereof "the charges therefor; for determining what constitutes 'reasonably needed', 'reasonable charges', and 'reasonable value', as those terms are used in sections 103(3) and 204(a); and for determining what constitutes 'submission of reasonable proof', as that term is used and defined in section 106(a)(2)' and".

On page 52, between lines ? and 4, insert the following new sentence without paragraph indentation: "Such a no-fault plan shall also provide a means for the prompt and fair resolution of matters in dispute relating thereto.".

On page 58, strike out lines 9 through 13, and insert in lieu thereof the following:

"(d) REFERRAL FOR REHABILITATION SERVICES.—If a victim for whom medical and vocational rehabilitation services are or may be appropriate is not receiving such services in accordance with this Act and guidelines established under section 109(c), the applicable restoration obligor may refer such victim or, if basic restoration benefits are expected to be payable for more than 90 days, shall refer such victim (1) to the State vocational rehabilitation agency or (2) to a facility, which has been accredited or approved as provided in section 103(17), in which or through which medical and vocational rehabilitation services are provided. If a victim unreasonably refuses to accept appropriate medical and vocational rehabilitation services in accordance with such guidelines, the applicable restoration obligor may commence an appropriate proceeding under section 109(c) for a determination that future benefits for such victim will be reduced or terminated to limit recovery of no-fault benefits to an amount equal to benefits that in reasonable probability would be due if such victim had submitted to such service or services, and for other reasonable orders: *Provided*, That no determination may be made and no order may be entered which would abridge any indiviual's right to the free exercise of his religion.".

On page 80, strike out lines 7–9 and insert in lieu thereof the following:

"(a) may—

"(1) limit basic restoration benefits for allowable expense to reasonably needed (according to appropriate professional standards) and used products, services, and accommodations and to reasonable charges therefor (or the reasonable value thereof when no charges are incurred), subject to section 109(c); and

"(2) not limit the total amount of basic restoration benefits for allowable expense which are to be provided for any particular victim;".

Mr. MOSS. Mr. President, I ask unanimous consent that the following staff members have the privileges of the floor during the debate and votes on S. 354, the National Standards for No-Fault Insurance Act: Lynn Sutcliffe, Robert Joost, Mary Schuman, Sallie Adams, Mike Pertschuk, Chris O'Malley, Ed Merlis, Sam Simon, Mal Sterrett, John Kirtland, Phil Grill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I ask unanimous consent that Richard Arnold and Bob Brown of my staff have the privilege of the floor during the debate and voting on S. 354.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I yield to the Senator from New Hampshire.

Mr. DURKIN. I thank the Senator.

Mr. President, I find it somewhat ironic that my first involvement on the Senate floor involves no-fault auto insurance. For many months in New Hampshire, I was introduced as the insurance commissioner who lost his job through "no fault" of his own. We had achieved passage of such a bill in the State of New Hampshire, but the Governor pocket-vetoed it. This was about 2 weeks after he had sent the State police in to escort me from office and sent in my replacement. So it is quite ironic that I rise in support of S. 354, taking into consideration that I had the opportunity to testify on S. 354 during the spring of 1973 before the Senate Commerce Committee.

I am quite pleased that many of the recommendations that I made and many of the reservations that I expressed to the

Senate bill then have been incorporated, resolved, or rectified, as appropriate, and I think S. 354 is a much better bill today. I would like to offer a few words in support of its passage.

I am convinced that Federal action is necessary not only because of what happened in my home State, but also because of the existence of pseudo no-fault in a number of States today.

In 1973, when I testified as insurance commissioner, I said, and let me state again for the RECORD:

(L)et me state my unequivocal and unalterable opposition to Federal underwriting or regulating of automobile insurance. The last thing that this country needs or wants is another concrete palace in southwest Washington bulging with Federal bureaucrats, stumbling over themselves in an effort to implement, underwrite, or regulate a no-fault automobile insurance program in the 50 States.

That was true in 1973; it is more so today. But I am satisfied that S. 354 as it has been revised over the years by its sponsors meets my objections and establishes a program for national standards totally consistent with the interest in maintaining State control of insurance, and totally consistent with the main theme of both my election campaigns.

This bill has been attacked on the ground that it represents an unwarranted and unjustified intrusion by the Federal Government into a traditional area of State government responsibility. Some people have expressed concern that the bill would force States to give up much of their traditional role of regulating the business of insurance. Apparently, there is a fear that the positions, responsibilities, and importance of insurance commissioners in the States will be diminished if the national standards for the no-fault insurance bill is enacted.

Let me allay these fears once and for all, because they are simply unfounded.

And let me call upon my experience and background as a former State insurance commissioner to demonstrate that this bill does not interfere with the States' important role in regulating and administering insurance.

First, there is no intrusion into the States' traditional role in regulating the business of insurance. The bill expressly declares that it is the purpose of the Congress in this bill, "to recognize, respect, and avoid interfering with the historical role of the States in exercising legislative authority over, and in determining the manner of regulation of, the business of insurance". (Section 102(b)(3)).

Second, the role of the Federal Government in implementing the bill is extremely limited. The only operational responsibility of the Federal Government is to determine whether a State no-fault plan is initially and continually in accordance with the national standard—and even that determination is in the form of a review of the finding of the chief executive officer of the State that a State plan is in compliance.

The State establishes the plan, and State officials certify its compliance with national standards, subject only to the review by the No-Fault Insurance Plan Review Board.

The Review Board is required to treat the States certification of its no-fault plan as prima facie evidence that the States plan is in accordance with national standards; and the Board may determine that the plan is not in accordance with national standards only if it finds there is substantial evidence to the contrary.

The Review Board is an independent board permanently dominated by members responsive to State governments rather than to the Federal Government. The Board would be composed of five members, four of whom must be named from lists of qualified individuals recommended to the President by the National Association of Insurance Commissioners and the National Governors Conference. The fifth member is the U.S. Secretary of Transportation. The Review Board will operate independently of any Federal agency, and is authorized to employ its own staff.

Neither the Department of Transportation nor any other department or agency of the Federal Government has any authority to expand upon the national standards set forth in the legislation. Only the Review Board is authorized to issue regulations and the Review Board can only do so with respect to the procedure by which it determines whether or not a State law meets or exceeds the national standards.

The periodic report and recertification is also performed at the State level. The "Feds" will not be dispatched to the States to investigate and review State plans; the role of the Review Board is, again, one only of review of the States findings.

There is only one situation in which the Federal Government would have any operational responsibility over automobile insurance. If a State refuses to enact and put into effect its own no-fault auto insurance law within 3 years after enactment of S. 354, the alternative Federal no-fault plan would go into effect and remain in effect until the State enacted a law of its own meeting national standards. Even then, the State can implement, administer, operate, and maintain the alternative Federal no-fault plan using its own officers and agents if the Governor certifies to the Secretary of Transportation that the State has enacted legislation authorizing the assumption of these functions.

If the legislature fails to act within 4 years, and if the chief executive officer of the State fails to make the necessary certification, the Federal no-fault plan would go into effect and be administered by the U.S. Department of Transportation. The chances of this happening in any of the 50 States has to be considered extremely remote.

Not only is the implementation, administration, and certification of no fault to take place on the State level, but States are also the primary arbiters of significant determinations for the substantive content of its no-fault plan. States are given enormous latitude in meeting the national standards to tailor their plans to meet the needs, customs, experience, and desires of its own States.

Among the more significant determinations that each State must make for itself in the process of establishing a no-fault plan that meets or exceeds national standards, are the following:

First, whether to include property damage within the no-fault system;

Second, which limits to set on work loss benefits, replacement services loss benefits, and survivors' loss;

Third, whether to permit insurers to offer optional deductibles up to $100 and waiting periods of up to 1 week;

Fourth, whether motorists should be required to purchase liability insurance, and if so in what amounts and upon what terms;

Fifth, whether to include motorcycles in the State no-fault plan; and

Sixth, whether to restrict the right to sue for damages on the basis of a fault beyond the national standard.

In all, there are no less than 22 categories of determinations States are to make on the substantive content of their plans.

Clearly this is not a Federal program. Clearly it is a program for the States.

In summary, S. 354 finally undertakes an important Federal responsibility—to assure that every motorist injured on this Nation's roads and highways will receive prompt, adequate, and guaranteed compensation for losses caused by an automobile accident. I am convinced that this necessary Federal action is taken in a manner that is the most consistent possible with maintaining State control over the States interest in the business of insurance.

Today's hodgepodge of State laws cannot guarantee that an injured victim will receive prompt treatment, cannot guarantee he will receive adequate treatment, and cannot guarantee that even the innocent parties will recover.

I am not going to repeat all the statistics. The DOT study is here. It indicates that the tort liability system as it applies to automobile insurance is a gigantic lottery. The hodgepodge of State laws produce chaotic and unsatisfactory results.

Consider for a moment the situation in which persons from New Hampshire, Maine, Vermont drive south to Florida for their winter vacations. New Hampshire is a tort liability State. The chances of them getting to Florida without some sort of an accident are not as good as they should be and this is compounded by a second possible accident—the accident of geography. Suppose the travelers get to Massachusetts, a State that has a form of no-fault. There is one set of rules if an accident occurs in Massachusetts.

If they get to Connecticut, their travel is governed by a different no-fault system with a different set of benefits and different restrictions on the right to sue.

If they get to New York there is yet another standard of benefits and a different threshold on tort liability. If they get on through New Jersey there is yet a different no-fault program.

And so forth. In each State, the travelers come under completely different systems of compensation.

If they get to Florida and stay there for more than 90 days, they come under yet even a different no-fault system, and, according to that State's law, must purchase no-fault coverage.

This crazy quilt of different no-fault plans almost requires the prudent and reasonable driver to take the family attorney along on the trip South from New Hampshire to Florida.

I am convinced that to be effective, a no-fault plan must not have a dollar medical threshold which permits victims to sue after their medical expenses reach a certain amount. The thresholds in the State plans are so weak and ineffectual in curtailing tort litigation that, over time, they have become incapable of offsetting the cost of first party benefits.

In addition, such thresholds are an invitation to fraud. As Senator Moss has pointed out, recent reports from New York and Florida indicate that thresholds have become targets for some doctors and lawyers to reach in order to become eligible for the potential pot-of-gold lawsuit. In view of the poor record of such thresholds, I now believe that their exclusion from this bill is wise.

When I testified back in 1973 I proposed a $1,000 threshold. However, these thresholds have encouraged people to overutilize medical facilities in order to cross the threshold. Considering the problems that we face with inflation in the medical community, and the resourcefulness of my colleagues at the bar, I no longer believe that a $1,000 threshold serves the needs of the people with whom we are concerned in this program—the unfortunate accident victim.

Fraud does exist. I think the $1,000 or similar threshold provides an altogether too tempting target, as Senator Moss has pointed out. Any bill must take into consideration the posibility of fraud. Because of recent reports on the occurrences of fraud to cross dollar thresholds, I have changed the position I took in 1973 supporting a $1,000 threshold. I am now convinced that in order to be effective, a no-fault plan must not have a dollar medical threshold. I am pleased that there is no such threshold in S. 354.

Another problem with no-fault and the enactment of no-fault proposals is the question of cost. We must always consider the question of cost, but I should state at the outset that no-fault should not be sold solely on the basis of a reduction in insurance premiums.

No-fault affects only about one-third of the automobile premium. S. 354 does not require States to compensate property damage on a no-fault basis. Hence, S. 354 will not affect the property damage portion of the premium.

There is no way that a no-fault bodily injury program is going to affect the cost of automobile fenders, any more than no-fault bodily injury can control the price of peanuts or the price of shares on the New York stock market.

I now turn to the question of the projected impact of S. 354 on the cost of insurance premiums.

During the debate on no-fault automobile insurance at the Federal and State levels, a wide variety of cost estimates have been provided by both proponents and opponents. Much of the recent debate about no-fault has seemed to center around the cost controversy, even though the major purpose of no-fault is not to produce a premium decrease but rather to get more money to accident victims and to get it to them quicker—instead of to lawyers who are now cleaning up on legal proceedings involving auto accidents.

At the outset, it is important to put into perspective the nature of the cost controversy. As Philipp Stern, an actuary for the New Jersey Department of Insurance, has observed:

> Personally, I believe that it is wrong to advocate the No Fault System on the basis of cost savings. The saving in anguish of people who face medical bills and no income is worth a few dollars in premium reduction.

And as the Secretary of Transportation William Coleman has said:

> In the auto insurance context, the only meaningful comparison is the one that addresses both the costs and the benefits of different systems. For truly, the important advantages of no-fault over insured tort liability lie principally in the much greater benefits it delivers to victims rather than in whatever premium reductions it may permit. Thus, in comparing no-fault plans to the existing system, or in comparing different no-fault plans, our focus should be principally on the benefits which they provide, for only here do we see how much more valuable no-fault is to the consumer.

However, since no-fault is expected to produce premium savings, it is important to clarify the current cost controversy. In order to eliminate the guesswork in the costing of no-fault automobile insurance plans, the National Association of State Insurance Commissioners, in cooperation with the Department of Transportation, selected the actuarial firm of Milliman and Robertson to develop a standardized computer costing model which could be applied to various no-fault plans to produce reliable and comparable costing results.

Milliman and Robertson concluded that, if S. 354 were enacted, there would be a reduction in average insurance premium costs, both total premium costs and personal injury premium costs, in each and every State. For example, a 10-percent decrease in total premium costs was predicted in California, and an 8-percent decrease was predicted for Arkansas, Texas, and West Virginia.

The Milliman and Robertson costing model was immediately accepted as valid and accurate by the insurance industry, comprised of both proponents and opponents of S. 354. An industry-wide joint trade association actuarial commission, which evaluated the Milliman and Robertson model, concluded that "the Milliman and Robertson model provides useful if not always conclusive cost information."

Professional actuaries representing the three insurance trade associations, two of which are opposed to S. 354, evaluated the Milliman and Robertson computer costing model and concluded in a formal report—

> The model has been constructed in a professionally competent manner. The data sources used are probably the best available . . .
>
> Notwithstanding the limitations described in the technical criticism and comments offered in this review, Milliman and Robertson have made a valuable contribution to understanding the cost implications of no-fault automobile insurance. Not only does the model provide for systematic first approximation of costs, but it also provides explanations in a way that promotes specific criticisms rather than vague expressions of general dissatisfaction. In short, the Milliman and Robertson model provides useful, if not always conclusive, cost information.

In fact, the Milliman and Robertson actuarial cost study may actually understate the savings that would be realized under S. 354. In an excess of caution, Milliman and Robertson made certain assumptions that would tend to exert an upward pressure on premium cost. These assumptions are that: First, States would elect to include motorcycles in their plan; second, no purchaser of automobile insurance would select the permissible deductibles; and third, there would not be a substantial decrease in the number of uninsured motorists despite the compulsory insurance provisions.

It is highly probable that States will fashion their plans to produce the maximum premium savings, and hence that the premium savings will be even greater than projected by Milliman and Robertson.

Since the Milliman and Robertson study was made on S. 354 as introduced, not as reported, the current cost controversy centers around the updated cost projections made by Allstate and State Farm, the Nation's two largest insurance companies.

These companies have circulated what appears to be widely disparate cost projections, leading many to believe, no doubt, that none of the projections is reliable, and that opponents and proponents alike can make estimates that simply bear out their philosophical positions with respect to the bill. State Farm has projected a countrywide decrease of 10 percent in auto insurance premiums for private passenger cars. On the other hand, Allstate Insurance Co.'s figures have ranged from a 17-percent increase to a 15.8-percent decrease.

Why the differences?

Once certain things are understood about the State Farm and Allstate figures, it becomes clear that the projections made by these companies are nearly identical.

First, the process for making actuarial projections of the cost of S. 354 are well settled. Most actuaries rely on the basic costing methodology of Milliman and Robertson. The major differences with respect to actuarial projections relate not to the methodology but rather to different assumptions about where States would set their benefit levels for benefits paid on a no-fault basis.

As you know, the bill permits States to make many substantive determinations about the content of their plan. The bill is a national standards bill, not a national program whose content is directed solely by the Federal Government.

The main differences in assumptions that have been made about State plans relate to the level at which States will establish survivors benefit levels. States are free under S. 354 to establish a reasonable limit on survivors benefits that are payable on a no-fault basis. Any loss which exceeds the limit can be recovered by the survivor in a lawsuit.

State Farm and Milliman and Robertson have assumed that States will set

their survivor benefit limits at $5,000 even though a lesser benefit level would be reasonable and hence would comply with Federal standards. Allstate's early projections assumed that a State, without regard to the impact upon insurance premiums, would select a benefit level of $15,000. This difference is the major reason that earlier cost estimates by those companies were so widely disparate.

State Farm, assuming a $5,000 survivor benefit, projected that S. 354 would produce a countrywide 10 percent decrease in premiums. In its early estimates Allstate assumed a $15,000 survivor benefit and predicted a 17 percent increase in the bill as introduced and a 4 percent increase in the bill as reported by the committee.

Again, these differences in cost estimates were produced purely and simply because different assumptions were made about State behavior in fashioning their plans. It is important that you realize that Allstate has made more recent estimates that assume $5,000, and then $1,000 survivors benefit levels. Note that when the same assumptions are made, the cost estimates by State Farm, a supporter of S. 354, and by Allstate, an opponent, are substantially identical.

Assuming $5,000 survivor benefits, State Farm predicts a countrywide 10 percent decrease in premium rates for private passenger automobiles and Allstate predicts a countrywide 9.3 percent decrease. Unfortunately, it is Allstate's early cost projections that are being most widely circulated by the opponents of the bill. It is very important that you are made aware of Allstate's more recent figures.

Thus, while it is true that Allstate Insurance Co. published an initial cost projection for S. 354 as introduced, which projected an overall 17 percent increase in personal injury premiums, after changes in the bill were made in committee, Allstate revised those projections downward.

Which assumption is more reasonable—a $5,000 or a $15,000 survivor benefit?

In insisting that States will set a benefit level of $15,000 for survivor's loss benefits, Allstate assumes that States will simply ignore the premium cost impact of the benefit levels which they establish. It is simply preposterous to believe that a State will set a benefit level that will require an increase in premium costs among its citizens, since there is no compelling reason to set the benefit at that level.

Remember, survivors can bring a lawsuit to recover expenses that exceed the maximum benefit level for survivor's losses. They are in the same position as they presently are for losses that exceed that level. Moreover, under S. 354, survivors are entitled to bring lawsuits for the pain and suffering of an automobile accident victim so that many survivors may be in court anyway.

Therefore, the $5,000 death benefits assumption made by State Farm and Milliman and Robertson would seem to present the most accurate picture for the policymaker who wants to know about the possible cost impact of S. 354 in a particular State. It should also be noted that States which have enacted no-fault plans have not established unexpectedly high survivor benefit levels.

In the light of the current nationwide increase in auto insurance premium rates, some may wonder how any credibility at all can be attached even to these recent, similar figures predicting rate decreases. Let me emphasize that the 10-percent or 9.3-percent decrease projected by these companies is a relative decrease to what the cost would have been if the present systems of recovery were retained.

No-fault cannot repeal inflation—it never promised to. No-fault cannot keep down the cost of auto repair crash parts; it cannot guarantee a healthy stock market that will keep insurance companies' coffers bulging. It would be nice if no-fault were the solution to all that ails our economy—but it is not.

What no-fault will do—and the projections of the largest insurance companies supporters and opponents of the bill alike bear this out—is cut out the current waste and costs associated with our expensive lawsuit system and dedicate those cost savings to the payment of higher benefits.

In closing, I offer just one personal incident. My support for no-fault was quite well recognized across the State of New Hampshire. One Sunday night I was driving home by myself, in a relatively new car. I had just gone to the market. A car came out of nowhere and almost totaled my new vehicle and nearly totaled me. The other driver was an uninsured, would-be hit-and-run driver.

The only calamity that did not befall me that day was that the other driver picked a dead end street to try to hit-and-run. We were able to ascertain that he was without insurance.

The Manchester Police Department called the wrecker. The wrecker backed up to my car which, as I say, was nearly totaled. It was a rainy night, dark, and the driver got out and said "DURKIN DURKIN," he said, "You are the guy who supports no-fault. Do you still think no-fault is good now?" He was backing up to tow the car away. I said, "Yes, I do."

With the improvements, the suggestions and the hard work that the committee has done, and that Senators MOSS, MAGNUSON, and a lot of others on both sides of the aisle have done, S. 354 is a good program, and I think today it is a much better program.

I thank the Chair.

Mr. PEARSON. Mr. President, the private passenger automobile has had a profound impact for much of this century on the quality and style of life in America. The automobile has liberated virtually every family from the narrow confines of the workingplace and its immediate environs. Mobility has enhanced job flexibility and job opportunity. Those who live in rural areas, for example, are able to seek employment in nearby cities and towns. Recreational opportunities for most families depend directly upon the use of the family car on weekends and on vacation. All things considered, the widespread ownership of automobiles has promoted a more egalitarian society, a more open society, a more just and tolerant society.

Over the years, as the influence of the automobile has grown, critics have suggested that Americans have become excessively dependent upon their cars for access to the community at large. These critics have suggested that the quality of life suffers as a result of this dependency.

The Congress has recognized the validity of some of these arguments. Now the Nation is committed to major programs to promote urban mass transportation systems. Amtrak has been established at considerable initial cost to the public. The local air subsidy program maintains regularly scheduled air services in some 367 communities. All of these initiatives may be said to complement private transportation by car. All are necessary and proper.

Over the years Congress has made a determined effort to reduce the level of air pollution caused by automobiles. The success of emission controls under the Clean Air Act is unquestioned, but it has not been without substantial cost. In order to reduce excessive levels of emissions in congested areas, those living in rural areas have shared the cost of emission control equipment installed on all automobiles sold in the country. Together the American people have borne the social cost of this legislation because none of us lives in isolation. Every American has the right to travel by car into the great urban areas. And every American has the duty to do his part in protecting the environment of those areas from excessive auto emissions.

The high rate of injury and fatality associated with the use of automobiles has been a matter of continuing concern since at least the beginning of the postwar period. The major effort at the Federal, State, and local level to reduce the rate of injury and death on the highways has been one of the great success stories of government. Today the rate of automobile-associated injury has been reduced by one-third compared to the mid-1950's. Those who drive today are safer in their automobiles than has been the case in the past. But there are more than 100 million cars in America. More than 40,000 people will die as a result of motor vehicle accidents this year. Millions will be injured. The Congress has a responsibility to continue its efforts to reduce this carnage, but it also has a duty to promote adequate compensation for those who sustain injury. The legislation before the Senate today is addressed to this latter responsibility.

Mr. President, the Nationals Standards for No Fault Insurance Act is the culmination of a decade of effort by our committee. This legislation is based upon the premise that the automobile is the dominant mode of interstate travel, that government has a duty to establish laws relating to the regulation of this mode of transportation, and that insurance compensaion to victims of auto accidents should be adequate in order to reduce the burden of society in caring for those victims.

The Federal Government has a unique and compelling interest in the compensation of auto accident victims, because

public assistance to the disabled is a Federal responsibility.

Mr. President, the committee has been assisted by the comprehensive U.S. Department of Transportation study of the auto accident reparations system in determining that far too many injuries and deaths resulting from automobile operations are uncompensated, or inadequately compensated, under the confusing and widely divergent State laws now in effect. There have been patchwork efforts to increase the scope of compensation and coverage.

A variety of financial responsibility statutes, compulsory liability insurance laws, and uninsured motorist's provisions have mitigated, in many States, the most glaring deficiencies of the tort liability system. But financial responsibility laws are under increasing constitutional attack, compulsory liability insurance laws encourage specious lawsuits and "claims consciousness," and uninsured motorist's coverage requires motorists to pay extra premiums for essentially duplicate coverage.

Those States that have enacted true no-fault laws, including Kansas and some 15 other States, have established limits on first party benefits which, in varying degree, leave more seriously injured victims without adequate first party benefits to compensate their losses.

The increased benefits to victims of auto accidents that will accrue upon enactment of the committee's national standards bill constitute, in my judgment, the basis for its favorable consideration by the Congress.

Mr. President, I ask unanimous consent that statistical materials prepared by the committee be inserted in the RECORD as exhibit 1 immediately following these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PEARSON. Mr. President, the committee's analysis of S. 354 has included a State-by-State evaluation of the existing auto reparations system now in force. I would invite the attention of Senators to the result of this analysis: In every State there will be an increase in the number of injuries compensated upon enactment of S. 354 and conforming legislation by the several States. In every State there will be an increase in the dollars available to victims of accidents in compensation of claims.

The information summarized in the first two columns of exhibit 1 was obtained through traditional actuarial evaluation, and is not seriously in dispute. The fact is that numerous accidents result in injuries that are not compensated by insurance coverage under the laws now in effect. It is the purpose of this legislation to expand coverage through minimum national standards in order to provide for the victims of such accidents. As it is drafted, the legislation will almost certainly achieve this primary objective.

Mr. President, S. 354 establishes minimum national standards for reimbursement of reasonable charges for medical treatment and care, reimbursement of a victim's work loss up to at least $15,000, reimbursement for replacement services subject to reasonable State limits, and compensation for a survivor's loss subject to reasonable limitations established by the State.

There is much that S. 354 does not do. This bill does not mandate residual tort liability coverage, no-fault property damage insurance, or no-fault motorcycle operator's insurance. The bill permits the States to retain fault-based lawsuits for any economic loss not covered by first party benefits. In addition, the bill permits fault-based lawsuits for noneconomic detriment—pain and suffering—in all wrongful death cases and in all cases in which the victim suffers a serious and permanent disfigurement or other serious and permanent injury or where the victim is prevented from engaging in his or her usual and customary daily activities for more than 90 days, as a result of a motor vehicle accident.

In plain language, Mr. President, the bill does not prevent the States from continuing their policy of tort liability in virtually all cases of serious injury or wrongful death. The truly aggrieved will have their day in court. They will seek and obtain redress for outrageous assaults on their persons by negligent drivers. Those whose negligent actions result in serious injury or death to others will continue to answer not only to society in the criminal courts, but also to their victims in the civil courts. The fundamental concept of responsibility for one's actions is not significantly diminished by this legislation. Indeed, the courts and the lawyers, as officers of the courts, will have the opportunity to concentrate on the cases of greatest urgency.

Mr. President, the most difficult and challenging task in preparing this legislation for debate in this Chamber has been the problem of estimating its impact on the premiums paid by motorists. Before discussing the specifics of S. 354, I wish to discuss generally the recent trends in insurance costs throughout the country.

The cost of private passenger automobile insurance is increasing dramatically—rates increased by a countrywide average of about 20 percent during 1975. The principal cause of this increase is inflation, particularly as it relates to the cost of automobile crash parts and medical care. No-fault insurance systems are no less subject to inflationary pressures than the fault system, but an inadequate no-fault system can result in additional costs.

Most insurance companies did not foresee that the rate of inflation would rise as fast as it has and accepted many risks at much too low a rate. As a result, both 1974 and 1975 were financial disasters for the insurance industry. Automobile insurance generates the largest amount of premium volume for the insurance industry and it has produced over half of the total industry loss from all lines of property and casualty coverage.

Auto insurance premium levels declined during 1971, 1972, and 1973, and remained stable through most of 1974. During that period, rate increases were not sought from, or granted by, State insurance commissions in part because the energy crisis and reduced speed limits kept insurance company losses down. Also, some States, upon enactment of no-fault laws, mandated rate reductions. As the impact of inflation became apparent, insurance companies sought rate increases beginning in the latter part of 1974 and 1975.

While the Consumer Price Index has risen 20 percent within the past 2 years, the major components of automobile insurance loss costs have risen at an even faster rate. Doctor's fees are up by 25 percent and will undoubtedly go higher unless the malpractice insurance dilemma is resolved. The average cost of a hospital room is up by 33 percent.

The soaring cost of automobile crash parts has also had a significant effect on automobile insurance premium rates. State Farm Mutual Insurance Co. maintains a crash parts price index. Using 1967 as a base figure—100—the index rose to 215.5 on July 1, 1975, and to 249.2 on January 1, 1976. Most of the increase has been in the last 2 years. Crash parts prices have increased 70 percent since mid-1973 and 113 percent since mid-1970, whereas consumer prices generally have risen 43 percent since 1970.

Inflation also affects automobile insurance rates in less obvious ways. Increased administrative expenses are reflected in higher premium costs. An increasing number of potential claims are over the amount of deductible limits. With a given deductible, the same damage produces more claims in 1975 than in 1973, because repair costs have increased in the interval. As a consequence, total claims payments and insurance company operating costs rise.

The inflationary pressures which are forcing rate levels upward are affecting rates in no-fault States to about the same extent as in tort liability States. For example, State Farm, the largest insurer of automobiles, received an average increase of 9.8 percent last year in the 16 no-fault States, compared with a 10.9 percent increase for all States combined and a 12.2 percent increase in States still under the fault system.

The reason for this lack of distinction between fault and no-fault States is that the bulk—60 to 70 percent—of the cost increases has occurred in those portions of the typical automobile insurance package not associated with no-fault—property damage liability, collision, and comprehensive—fire and theft. In the first half of 1975, bodily injury liability costs were up 9.1 percent, while property damage liability costs rose 15.8 percent, collision costs increased 28.3 percent, and comprehensive costs rose by 19.3 percent.

The recent increases in most no-fault States have resulted in rate levels approximately the same or somewhat lower than pre-no-fault rates. In those States, rate levels were generally sharply down in 1971 and 1972, stable in 1973 and 1974, and sharply upward in late 1974 and 1975. In tort liability States, rate levels were stable in 1971, 1972, 1973, and 1974, before rising sharply in late 1974. Thus, while rates in both fault and no-fault States reflect equal inflationary pressures, the base level in no-fault States is significantly lower.

While no-fault insurance is vulnerable to inflation in much the same manner as the fault system, an inadequate no-fault

system can lead to greater costs. No-fault insurance enables the prompt payment of more benefits to more people than the tort liability system because it greatly reduces the amount of time and money spent on lawsuits. If, however, the particular no-fault system does not eliminate enough cases from the liability system, premium costs must increase to finance the additional benefits guaranteed under no-fault.

Mr. President, with this general background information in mind, I now wish to address myself to the specific analysis of the cost impact of S. 354 undertaken by the committee. In order to develop reliable data, the National Association of State Insurance Commissioners, in cooperation with the Department of Transportation, selected the actuarial firm of Milliman and Robertson to develop a standardized computer costing model which could be applied to various no-fault plans to produce reliable and comparable costing results. This costing model was applied to S. 354—93d Congress—and reductions in average insurance premium costs, both total premium cost and personal injury premium costs, were projected in every State. S. 354, as reported by the Commerce Committee in this Congress, is comparable to S. 354 as passed by the Senate in the 93d Congress and should have the same, or better, cost consequences.

In hearings during the 94th Congress, Allstate Insurance Co. and State Farm Mutual Insurance Co.—the largest insurer of automobiles—submitted costing figures to the committee. Allstate projected substantial cost increases in almost every State, while State Farm projected a nationwide average decrease of 12 percent in premiums for all types of vehicles. The principal factors leading to these different projections appear to be Allstate's assumptions that States will select a benefit level of $15,000 for survivor's loss benefits—which is probably unnecessarily high—unlimited medical and rehabilitation benefits will foster overutilization of medical services—which has not been the experience of no-fault States having such benefits—and that there would be a little subrogation between the insurers of commercial vehicles and private passenger vehicles. However, S. 354, as reported, provides for complete subrogation for loss in excess of $100.

In the case of Kansas, the Milliman and Robertson costing model projected that S. 354 would produce a premium savings of 11 percent over the rates in effect in 1973—prior to the effective date of the Kansas no-fault law. State Farm projects a premium savings of 3 percent in Kansas upon enactment of the minimum standards established in the Senate bill. In fact, premium rates for personal injury coverage in Kansas have declined since the effective date of the Kansas no-fault law. And it is reasonable to expect further reductions in the cost of insurance in Kansas if the costing models used by Milliman and Robertson and State Farm are reasonably reliable.

Under the most pessimistic hypothesis, the minimum standards contained in S. 354 will slow the rate of increase in insurance costs, assuming that inflationary pressures erase the cost savings, in absolute terms, that can reasonable be anticipated upon enactment.

Mr. President, column 3 of exhibit 1 summarizes the committee's State-by-State analysis of the cost impact of S. 354. In but three States, premium rates for personal injury protection are projected either to decline or remain the same.

In summary, the minimum standards of S. 354 will increase substantially the value to the consumer of automobile insurance. In most States, the consumer will pay less for coverage that provides more benefits for him and his family.

Mr. President, there have been some misconceptions about this legislation which, after all these months of debate, should finally be laid to rest. This legislation does not represent a "Federal takeover" of the regulation of insurance. In those States that comply with the necessary minimum standards, the regulation of insurance will remain exclusively a State prerogative. Premium rates will reflect the loss experience of motorists insured within the State. If the experience of drivers within a particular State has justified low premium rates, those same low rates should obtain under the terms of S. 354.

Mr. President, the strengths of a uniform national system of minimum standards for no-fault automobile insurance will be complemented, under S. 354, by the strengths of State regulation of insurance. There is no effort in this legislation to preempt the effective enforcement of the insurance laws, nor is there any opportunity to average premium costs at the expense of the rural States."

All of the values associated with State insurance regulation are maintained under this legislation. There will be no new Federal bureaucracy to undertake a job that is today being managed efficiently by the States. But throughout the country, in all the States, there will be a uniform system of minimum standards for first party benefits that insures adequate compensation for injuries and survivor's loss.

Mr. President, I urge the Senate to approve the National Standards for No-Fault Insurance Act.

EXHIBIT 1

The following chart demonstrates that (1) S. 354 compensates more injuries (economic and noneconomic combined) than the present automobile insurance system; (2) S. 354 pays more dollars to automobile accident victims than the present system; and (3) S. 354 provides these increased benefits at a lower premium cost than the present system.

[In percent]

State	Increase in injuries compensated [1]	Increase in dollars available to compensate injury [2]	Average savings in personal injury premium [3]
Alabama	42	37	−19.0
Alaska	12	24	−7.0
Arizona	24	22	−18.0
Arkansas	39	39	−9.0
California	17	5	−14.0
Colorado	5	9	−3.0
Connecticut	4	11	−10.6
Delaware	5	2	−13.0
District of Columbia	18	12	−21.0
Florida	6	22	8.0
Georgia	9	22	2.0
Hawaii	5	9	−8.9
Idaho	22	29	−9.0
Illinois	19	21	−11.0
Indiana	17	24	−12.0
Iowa	16	24	−7.0
Kansas	7	15	−3.0
Kentucky	4	10	+0
Louisiana	37	31	−18.0
Maine	16	32	−16.0
Maryland	4	1	−17.0
Massachusetts	4	23	−20.0
Michigan	5	6	−7.0
Minnesota	5	4	−3.0
Mississippi	38	36	−7.0
Missouri	23	21	−6.0
Montana	22	34	−11.0
Nebraska	16	30	−11.0
Nevada	8	14	−1.0
New Hampshire	13	18	−24.0
New Jersey	4	4	−8.6
New Mexico	27	29	−10
New York	5	5	−20.8
North Carolina	7	18	+0
North Dakota	6	11	−1 0
Ohio	21	19	−13.0
Oklahoma	26	29	−13.0
Oregon	16	13	−14.0
Pennsylvania	5	13	−4.0
Rhode Island	20	17	−23.4
South Carolina	5	13	−6.0
South Dakota	22	31	−1.0
Tennessee	23	24	−3.0
Texas	27	19	−26.0
Utah	6	12	−2.0
Vermont	15	32	11.5
Virginia	16	34	−3.0
Washington	21	24	−15.0
West Virginia	28	26	−8.0
Wisconsin	13	28	−5.0
Wyoming	20	32	−9.0

FOOTNOTES

[1] This column is based upon information derived from Appendix II of the Milliman & Robertson, Inc. actuarial study of November 7, 1973. The percent increase in injuries compensated was calculated in the following manner: First, the number of injuries in the "Medical Expenses" column under a tight threshold no-fault system was multiplied by a fraction whose numerator is the percent insured under the tort system and whose denominator is the percent insured under no-fault (Exhibit E–3 of the study). The resulting figure is the total number of injuries for which people could recover with the insured population of the tort system.

Second, the figure for the number of injuries for medical expense under the tort system is subtracted from the figure derived under "First," showing how many people would not be compensated under the tort system. Third, that figure is multiplied by 85% because 85% of the policyholders carry medical payments coverage, a first party coverage that pays without regard to fault. Fourth, add that figure (which represents the number of people who would recover from their medical payments) to the figure for how many people would recover from the tort system to get a total figure for the number of injuries which would be compensated under the tort system. Fifth, by dividing the number of injuries in the medical expenses column under the tight threshold no-fault system by the figure determined in the fourth calculation (for tort system injuries), you get the percent increase in the number of victims who would receive benefits under the no-fault system of H.R. 9650. Nationwide, about 19% more people would recover under no-fault.

[2] The figures in this column were calculated in the following manner: First, the figure for "Total Costs of Above" for the tort system in Appendix II of Milliman & Robertson was multiplied by 75% to eliminate the amount of money paid to attorneys. Second, that figure was added to the

figure for "Medical Payments by Option" to calculate how many dollars are retained by the consumer under the tort system. Third, 92% of the figure for "Total Costs of Above" of an interpolation between the tight and loose threshold no-fault systems (92% because the other 8% goes to attorneys in residual tort cases) was divided by the figure determined in "Second" to derive the figures for the percent increase in dollars available to compensate injury. (Appendix II of Milliman & Robertson provides figures for the total number of general damage injuries compensated under the "tight" 180 day $2,500 threshold and the "loose" 60 day threshold. To determine the number of injuries to be compensated under the 90 day threshold of H.R. 9650, the number of injuries under the 180 day $2,500 threshold were subtracted from the number of injuries under the 60 day threshold and then multiplied by .66. This figure was then multiplied by the average claims cost under the 60 day threshold provision in order to reflect the elimination of the deductible feature. The figure produced from this multiplication was then added to the total system cost of the tight threshold to produce the total system cost under a 90 day/no deductible threshold).

[3] The figures in this column are derived from the figures submitted to the Subcommitee on Consumer Protection and Finance of the House Committee on Interstate and Foreign Commerce by State Farm and Allstate insurance companies for the following benefit and tort restriction features: (1) Benefits paid without regard to fault for all medical and rehabilitation loss; up to $15,000 for work loss; up to $5,460 for replacement services loss; and up to $5,000 for death benefits; and (2) Lawsuits are limited to those for economic loss which exceeds no-fault benefit levels and those for non-economic detriment if the injury results in death, serious and permanent injury, serious and permanent disfigurement, or 90 continuous days of total disability. The figure shown for any particular State represents the projection of the company, State Farm or Allstate, which has the larger share of the market in that State. The only exceptions to this rule are for the States of Georgia, Kentucky, Minnesota, North Dakota, and Pennsylvania, where new statutes went into effect on or after January 1, 1975. The projections for these states have been revised as of December 15, 1975 by State Farm, whereas the projections for the other states are as of December 31, 1974.

Mr. DURKIN. Mr. President, I would like to add a couple of other observations with respect to no-fault and federalism.

This bill does not jeopardize the status or the standing of the State insurance commissioners.

This bill does not take away the States' jurisdiction. It gives them standards and it sets policy in areas where only the Federal Government can.

Some newspaper stories have implied that Geico. Government Employees Insurance Co., is in financial trouble because of no-fault automobile insurance and their losses under no-fault.

I would like to offer for the record the fact that, while I was insurance commissioner in New Hampshire in 1970, we put Geico on much more frequent reporting because at that time, they were writing more insurance than they should be writing, given their assets-and-liabilities configuration. So to say that Geico is having problems because of no-fault is stretching the facts. Their financial problems began before the thrust toward no-fault.

Another myth that is prevalent in the press today is that States have no-fault. To call some of these programs no-fault programs is a disservice to the whole concept of no-fault and a disservice to S. 354. Many of those programs, some of which grew out of bar association meetings are not no-fault in any respect at all. They are trial lawyers' relief acts.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. DURKIN. I yield.

Mr. MOSS. Is it not a fact that of the so-called no-fault plans we have in the States, only one comes close to, and in some provisions exceeds the standards that are laid down in this bill?

Mr. DURKIN. Yes, that is true. Michigan has an excellent no-fault program.

I might point out, some people say, "Leave it to the States." It is sort of an updated version of "Leave it to George." We left it to the States.

We passed a bill in the State of New Hampshire with a very high threshold.

Mr. MOSS. I thank the Senator from New Hampshire.

He is obviously well-qualified to discuss the bill, having been an insurance commissioner of his State before he came to the Senate. Being a lawyer himself and having participated in the presentation of cases on the fault system, he understands fully what he is speaking about and can be considered an expert. He has had first-hand opportunity and experience to know what he has been saying to us here today.

The opponents of S. 354 have argued that the bill should be defeated because no-fault has been a failure at the State level. This is what we have been discussing, whether or not the States really have no-fault bills. No-fault has not been a failure at the State level.

From the experience in no-fault States and from appraisals of insurance regulators in Massachusetts, Florida, Connecticut, New York, New Jersey, Colorado, Michigan, and Minnesota, no-fault is succeeding in its objectives.

More benefits are being paid to more people, faster than ever before. More of the premium dollar is being returned to victims for economic losses, and less is spent on intangible losses, attorneys' fees, and haggling. Fewer auto insurance cases are entering the judicial system and the number of liability claims of driver against driver are decreasing, in some cases dramatically.

The experience in no-fault States so far suggests the following conclusions:

First. As a compensation system, no-fault is doing a good job of meeting its intended objectives: It is distributing more of the insurance dollar to crash victims—more surely, more equitably, more swiftly and more efficiently than the lawsuit system.

Second. Inflation is chiefly to blame for current insurance rate increases.

Third. The bulk of the insurance cost increases has come in the property damage liability and physical damages coverages that are not associated with no-fault.

Fourth. Despite 2 years of raging inflation, rates in most no-fault States are still lower or no higher than they were before no-fault became effective.

Fifth. In several no-fault States, inadequate tort restrictions and unjustifiable mandated rate reductions, coupled with inflation, have led to the need for increases in rates from the levels originally established. In essence, there is too much fault left in most no-fault systems.

AUTOMOBILE ACCIDENT VICTIMS ARE BENEFITING ENORMOUSLY FROM STATE NO-FAULT PLAN

According to the commissioner of insurance in the State of Michigan, Daniel J. Demlow:

Prior to no-fault in Michigan rehabilitation was almost nonexistent; benefits provided were invariably in lump sums. Now extensive rehabilitation is taking place. There is a very real incentive for an insurance company to restore and injured policyholder to health, for the sooner that occurs, the sooner the company is no longer obligated This incentive has been of inestimable value to Michigan citizens injured in auto accidents . . . [T]hose benefits have been of great value to the citizens of Michigan . . .

RECENT INCREASES IN PREMIUM RATES ARE UNRELATED TO NO-FAULT

No-fault is just as vulnerable to inflation as the fault system.

As large-scale consumers of other services, insurance companies are particularly susceptible to inflationary forces. The impact of inflation on automobile insurance premiums has been particularly acute during the past 2 years in both fault and no-fault States. Although the cost-of-living index jumped 20 percent during this period, major components of auto insurance loss costs climbed faster, including auto repairs, up 20 percent; doctor's fees, up 25 percent; hospital rooms, up 33 percent; and, most conspicuously, automobile crash repair costs, up nearly 40 percent.

Inflation has increased the number of claims over the amount of deductible limits. With a given deductible, the same damage would produce more claims in 1975 than it would have in 1973, simply because of repair cost increases. As a consequence, total claims payments and insurance company operating costs rise.

Similarly, inflation acts to push a greater number of bodily injury claims past the low "thresholds" in many State no-fault laws, creating suits for pain and suffering where none would have existed a year or two ago under the same law. Only one State, Hawaii, has planned any mechanism to adjust the lawsuit threshold to meet changing economic conditions.

The bulk of the cost increases have occurred in portions of the typical insurance package which have nothing whatever to do with no-fault—property damage liability, collision, and comprehensive—fire and theft.

Between 60 and 70 percent of the total premium paid by the owners of late model cars goes for vehicle repair or replacement coverages. A breakdown of auto insurance results from the first half of 1975 shows bodily injury liability—covered by no-fault—costs up only 9.1 percent, while property damage liability costs rose 15 percent, collision costs in-

creased 28 percent, and comprehensive costs rose by 19 percent.

It is primarily soaring repair costs which have produced the premium increases. From 1967 through June 1975, the cost of parts typically damaged in auto crashes climbed 115 percent. Almost half of the total increase took place in the last 18 months of the period measured.

Premiums are increasing at higher rates in States using the traditional tort liability States than in no-fault States.

Auto insurance premiums are increasing nationwide. State Farm Insurance Co. estimates that nationwide the rates of all its auto insurance premiums, including collision property damage and bodily injury coverage, went up 10.9 percent in 1975 for all States. The increase in no-fault States was only 9.8 percent, however, while the increase in fault States was 12.2 percent.

Premium increases are also attributable in part to weak State plans—plans which Sylvia Porter has dubbed "Lawyers' No-Fault." All State no-fault laws except Michigan's allow auto crash victims to sue for general damages—that is, pain and suffering—if their medical costs go above a certain level, called a threshold. In at least 10 of the 16 no-fault States, the dollar threshold is so low that it offers claimants and their attorneys an inviting target at which to aim in order to become eligible to file a tort claim for "pain and suffering." Eight of the no-fault law thresholds are $500 or less of medical expense; 13 of the 16 laws have thresholds that are less than $1,000. These limitations are particularly vulnerable to the inflation taking place in medical costs.

A no-fault program that does not sharply restrict lawsuits simply will not work as effectively as a strong no-fault plan. Yet State legislatures have allowed themselves to be pressured by lobbyists for special interests, principally the lawyers, to water down restrictions on lawsuits, with the result that many of the 24 States with no-fault programs have them in name only; and the performance has been disappointing. The thresholds represent legislative compromises with the no-fault principle that threaten to undermine the ability of no-fault to stabilize or reduce auto insurance costs. The compromises were political, not actuarial decisions. Inflation has made them worse.

Other deficiencies in many State laws are unfounded rate cuts mandated by the laws—a gift from expedient politicians attuned to vote tallies, not actuarial tables. The severe effect of mandatory rate cuts in certain States have had on insurance company finances is demonstrated by the experience that State Farm reports for the last 4 years. At the end of 1975, State Farm's rates in the 16 no-fault States were only 3.2 percent higher than they were at the beginning of 1971. In all States combined, State Farm's rates averaged 10.2 percent higher.

These figures clearly indicate why some insurers are experiencing heavy financial losses in several no-fault States. The losses are not caused by no-fault itself. Rather, they result from the mandated rate cuts that were not justified by the weak restrictions on lawsuits in the no-fault laws.

MICHIGAN

The no-fault experience in Michigan has been an unqualified success. The experience in Michigan shows that unlimited medical, hospital, and rehabilitation benefits and generous wage loss protection can be provided to all accident victims without regard to fault, and without increasing bodily injury insurance premiums, so long as auto accident lawsuits are confined to the most serious cases.

The Michigan no-fault law contains provisions comparable to the national standards in S. 354, as far as the bodily injury coverage is concerned. In Michigan, no-fault insurance pays unlimited medical expenses, and up to $43,000 in wage loss. The law has an effective, strong limitation on lawsuits.

Michigan's law is the one no-fault plan that comes closes to meeting Federal standards: its success stands as a compelling argument for the enactment of S. 354.

Victims who would have received nothing under the fault system are receiving compensation for their injuries. The following are actual cases taken from the files of a large insurance company in Michigan.

In 1974, a 17-year-old girl, riding in the back of a pickup truck with six other girls, suffered complete dislocation of her spine when the driver lost control and smashed into a tree. Her father's insurance company has paid more than $44,000 for medical and rehabilitation expenses and to buy a specially equipped auto for the girl, who is paraplegic. The insurer expects to pay a total of $65,000 to the girl.

Since she was a guest in the vehicle, she would have received nothing under the fault system.

Also in 1974, a 41-year-old man either ran or was pushed from between two parked cars directly into the path of an oncoming car. Since he had no insurance on his own car, his expenses fell on the company insuring the driver of the car that struck him.

The victim's injuries rendered him paraplegic. The insurance company has paid out more than $41,000 for medical expenses and lost wages.

Under the fault system, this man would have received nothing.

The unlimited medical and rehabilitation benefits have been of enormous benefit to the people of Michigan. The insurance commissioner of the State of Michigan, has stated in a letter to the Commerce Committee that:

> The unlimited medical and rehabilitation benefits of Michigan's no-fault law have worked exceptionally well. Prior to no-fault in Michigan rehabilitation was almost nonexistent; benefits provided were invariably in lump sums. Now extensive rehabilitation is taking place. There is a very real incentive for an insurance company to restore an injured policyholder to health, for the sooner that occurs, the sooner the company is no longer obligated. This incentive has been of inestimable value to Michigan citizens injured in auto accidents.
>
> To summarize, in Michigan we have not been aware of any problems of either availability or cost for unlimited auto no-fault benefits during our experience with such benefits beginning October 1, 1973. At the same time those benefits have been of great value to the citizens of Michigan.

The Michigan plan has reduced significantly the number of auto accident claims that are settled under the fault system.

Figures from a major insurance company doing business in Michigan show that in the three territories for which statistics were compiled, 89 percent of all auto insurance claims were paid exclusively on the no-fault system in 1975. This means that the people of Michigan are receiving the benefits of no-fault without having to bring a costly and time-consuming lawsuit.

Recent rate increases in Michigan have taken place in the property damage portion of the premium. There have been recent rate increases in the total premium paid by Michigan motorists, but bodily injury premiums have actually decreased. The rise in rates has taken place only in the property damage portion of the premium, a portion not associated with no-fault under S. 354.

Figures from five major insurance companies in Michigan—Aetna, AAA, State Farm, Michigan Mutual, and League General—show that bodily injury rates decreased in Michigan despite inflation and despite the significant increase in coverage and benefits under the no-fault system. Figures from these companies show that rate increases have taken place only in the property damage portions of the premium.

For example, the rates of a 45-year-old married male principal owner with a Chevelle Malibu driving in the Detroit metropolitan area decreased 35 percent in the bodily injury portion of the premium while the property damage premium increased over 120 percent. Thus, there was an overall rate increase, but the bodily injury premium—the portion of the premium associated with no-fault under S. 354—actually decreased under no-fault.

These figures also show that old and retired people have benefited enormously from no-fault. Rates for a 70-year-old retired married male living in the Detroit metropolitan area have decreased 45 percent for bodily injury coverage, even though property damage rates have increased 125 percent. Again, the overall rate has increased, but this increase is attributable to increases in the property damage portion of the premium not affected by no-fault.

Bodily injury rates have also decreased in rural areas. In the town of Baldwin, Mich., policyholders have enjoyed bodily injury rate decreases of approximately 32 percent since the enactment of no-fault.

A review of the premium rates of 4 other companies, which together write 44 percent of he automobile insurance premiums in Michigan, also indicates that no-fault has had a significant im-

pact in reducing or moderating premium rate increases.

For example, in Detroit, bodily injury premium rates for a married couple, age 35, owning a Chevrolet Impala have decreased 14 percent since no-fault went into effect with the AAA Insurance Co., and have decreased 27 percent with League General. In the Dearborn area, the same couple would be saving between 4 and 8 percent in its bodily injury premiums.

Rates for bodily injury coverage decreased even more dramatically for retirees. Rates in all four companies for territories including Detroit and Dearborn decreased. In six cases the decreases were 20 percent or more, and in the remaining two cases, the decreases were 13 and 17 percent.

The premium experience of these companies is somewhat bleak when the property damage portions of the premium are included in the package. Premium rates for collision and comprehensive—fire and theft—insurance have increased dramatically. Rates for a married couple, age 35, driving a Chevrolet Impala living in the Detroit and Dearborn areas have increased by amounts ranging from 42 to 99 percent in the period since no-fault was implemented. The average increase was about 50 percent. As a result, rates for total coverage that includes collision and comprehensive insurance have increased for most insurance companies in Michigan since the no-fault law went into effect. But these increases are attributable to the property damage portion of the premium—a portion that is not affected in one way or another by S. 354.

In sum, no-fault in Michigan is doing exactly what it was intended to accomplish: It is compensating more victims, including victims who would have received nothing under the fault system; it is compensating them more completely and more quickly. And it has produced a bonus—a decrease in bodily injury premiums.

BODILY INJURY NO-FAULT IS WORKING IN MASSACHUSETTS

Although Massachusetts cannot be considered a typical case, its no-fault law has been remarkably effective over the last 5 years in reducing nuisance claims and insurance premiums for bodily injury. Commonwealth motorists have saved over $108 million in the cost of compulsory bodily injury insurance in that time. At the end of 1975, they were paying less than half of what it cost for equivalent coverage under the fault sysback in 1970. A 2-percent increase for private passenger care and a 12-percent increase for commercial vehicles ordered for 1976 were the first increases in compulsory bodily injury rates since no-fault began.

In evaluating the Massachusetts plan, a critical distinction must be made between the bodily injury portion and the property damage portion of the bill. Although in Massachusetts, both bodily injury and property damage are compensated on a no-fault basis, under the Federal standards for no-fault insurance bill, only bodily injury is compensated on a no-fault basis.

As to the bodily injury portion of the Massachusetts law, Gov. Michael Dukakis reports that:

> Our no-fault bodily injury laws . . . have been an unqualified success in Massachusetts. Bodily injury insurance rates in Boston for over-25 drivers having no adverse rating characteristics have fallen from $117 in 1970 to $45 in 1975. Rates in suburban and rural areas have fallen less sharply but even in the most rural area, the drop was 32%.

The rate level today is about 36 percent of what could reasonably have been anticipated if the fault system were still in effect today. And it must be remembered that these premium savings have been produced even though Massachusetts has both the highest auto theft rate in the Nation as well as the highest accident rate.

A recent article published in the Iowa Law Review by Alan I. Wildiss, documents the favorable responses of consumers to their experience under no-fault. The results of the study show that more than three-quarters of the claimants indicated that they were satisfied with the way their claims were handled and with the amounts they received. That satisfaction, combined with Governor Dukakis' wholehearted endorsement of the bodily injury insurance system indicates that the situation in Massachusetts is favorable to no-fault.

If bodily injury premiums have been going down in Massachusetts, then why is the total premium higher today than in 1971? The answer is to be found in the other automobile coverages—comprehensive—fire and theft—property damage liability and collision. When the freeze on insurance rates was lifted in 1971, comprehensive rates rose 38 percent, in part because Massachusetts has the highest theft rate in the country. When the freeze came off property damage and collision rates, they too, rose dramatically.

Thus, despite the great success of the Massachusetts law on the personal injury side, the State has had a lack of similar success with its property damage system. As Governor Dukakis reports:

> Our property damage laws have been far less beneficial to our consumers. Rates have risen steadily since 1970 and increases from 40% to 70% were sought on property damage lines for the 1976 policy year.

Recent changes in its no-fault property damage law produced a 165-percent increase in property damage rates and an 11-percent increase in collision rates.

In summary, Massachusetts has had great success with its bodily injury no-fault plan; the problems with the Massachusetts law relate to the property damage side of the law, an area that is not covered on a no-fault basis by the Federal standards bill.

STATE ADD-ON PLANS, SUCH AS THOSE IN OREGON, DELAWARE, AND MARYLAND HAVE BEEN A FAILURE

A number of States have enacted legislation requiring insurers to sell and/or requiring motorists to buy first-party insurance against personal and family economic loss in addition to the prescribed liability insurance. Victims may obtain compensation from their own insurance companies, but they remain free to sue the other driver for damages.

These so-called add-on plans increase the number and percentage of motor vehicle accident victims who receive some compensation for their injuries, but the cost increases are enormous. This is because a "no-fault" system is merely added on to the existing liability system, and the consumers end up paying for both. Since no restrictions on lawsuits are made, there are no savings in the costs associated with litigation, and the overall costs of the insurance system must increase. Because these plans do not eliminate the waste and misallocation of benefits that are produced by the liability system, precious premium dollars must be allocated to unnecessary costs associated with lawsuits, claims investigation, haggling over claims, et cetera.

Take the example of Delaware. Under Delaware's law, effective January 1, 1972, motorists must buy first-party benefits coverage of $10,000 per person and $20,000 per accident. The law leaves the tort liability system undisturbed, however, except that an accident victim who sues for damages in tort may not plead or prove any loss for which he received compensation from first-party benefits.

The legal counsel for the American Insurance Association has reported that there is still a substantial amount of litigation in the automobile liability area in Delaware.

No rate increases were granted until 1975. At that time, insurance companies went to the State commissioner asking for extremely large increases, based on increased insurance costs during the add-on-plan. Increases were asked amounting to 119 percent in personal injury protection and 12.4 percent in bodily injury. The latest indications based on 1974 figures are that premiums have increased 60.5 percent for personal injury protection and 12.7 percent for bodily injury.

Other add-on States have also fared poorly. In Maryland, the rates of one insurance company for bodily injury increased from $64.12 to $83.38.

And in Oregon, as a result of adding the $12,000 mandatory first-party benefits with no compensating restriction on tort lawsuits for small claims, premiums for the bodily injury side of the auto insurance package have increased more than premiums for other categories. Since 1969 the cost of personal injury coverage increased, whereas the cost of other coverages has either remained stable, or increased a relatively slight amount. Enactment of the add-on law, coincided with an increase in the personal injury premium for one company from $26.40 to $32.30, which became effective January 1, 1972. In contrast, in most true no-fault States, enactment of no-fault laws produced rate decreases for personal injury coverages.

The Oregon no-fault plan has also failed to make a substantial decrease in the number of automobile accident claims that result in litigation. It was hoped by Oregon's legislators that the requirement of first party benefits would

result in the payment of most claims on a no-fault basis. However, this objective has not been attained, because Oregon makes no restriction on the right to bring a lawsuit. According to the statistics of a major auto insurer in Oregon, at the present time only 40 percent of auto accident claims are being settled on a no-fault basis. Compare this figure with major cities in Michigan in which restrictions on lawsuits have resulted in the payment of 89 percent of auto accident claims on a no-fault basis.

FLORIDA

The experience in Florida indicates the deficiencies of State plans with weak thresholds. The Florida law was enacted with a $1,000 medical expense threshold. That is, victims whose medical expenses exceed $1,000 could bring lawsuits to recover damages for "pain and suffering." It was hoped that the $1,000 threshold would eliminate enough minor lawsuits to balance the cost of providing first-party benefits of $5,000 for medical expense, lost income, and replacement services to all Florida insurers. When no-fault became effective in January 1972, the legislature mandated an initial 15 percent rate reduction and the commissioner of insurance ordered a further decrease of 11 percent for 1973. Cumculative savings were estimated at $100 million.

However, by the end of 1972, it became apparent that instead of a $1,000 threshold, Florida had created a $1,000 "target" to which plaintiffs' lawyers aimed. Since 1973, bodily injury rates have risen above pre-no-fault levels, propelled by inflation and by an abnormal amount of fraudulent claims, as reported by a Dade County, Miami, grand jury report.

The grand jury report represents the conclusion of an investigation by the insurance commissioner into fraud and collusion on the part of lawyers, doctors and accident victims to inflate their claims to meet the threshold level, and thus sue for pain and suffering.

The grand jury report describes the working of the fraud. A runner for an attorney will refer an accident victim, usually uninjured, to the lawyer, who then refers the victim to a friendly physician. The physician then hospitalizes and treats the victim enough to "build" medical expenses in excess of the threshold amount. The doctor then files a standardized report and billing with the attorney, who uses them as the basis for a lawsuit claiming damages of several thousand dollars for "pain and suffering."

The weak threshold in Florida, and its abuse through collusion between doctors, lawyers and claimants, is frustrating no-fault's demonstrated ability to control the costs of the auto insurance system. An effective no-fault law depends on strong limitations on lawsuits in minor cases. S. 354 has those strong limitations.

Despite these problems, Philip Ashler, the State insurance commissioner for Florida, has stated to the House Subcommittee on Consumer Protection and Finance:

> It should be stressed here that actuarial indications developed from all insurance companies reporting to the Florida Insurance Department as required by Statutes show that as of December 1974 private passenger automobile rates for limits of 10/20/5 would have been 50 percent higher under the old pre-No-Fault system as compared to the actual rates in effect at that time.

NEW YORK

New York's no-fault law has enabled insurers to maintain New York auto personal injury rates at approximately the levels in effect on January 1, 1973. The only weakness in the New York law is a $500 medical expense threshold, which legislators are now considering increasing.

The New York no-fault plan requires motorists to buy first-party economic loss coverage with an aggregate limit of $50,000. Economic loss can be recovered only if it is not covered by the first-party benefits. An accident victim cannot recover for general damages unless his medical expenses exceed $500, or his injury is very serious or results in death. Property damage is left under the tort system.

New York's no-fault law went into effect on February 1, 1974, with a mandated reduction of 15 percent and actual rate decreases which averaged more than 19 percent. In a report issued in January of this year, the New York Insurance Department notes that—

> The loss experience of 1973 (the last year under "fault") would, in itself, have supported approximately a 20% rate increase in 1974 had the no-fault law not been enacted.

Thus, insurers actually were decreasing rates by 39 percent from 1973 experience levels.

In dollar terms, the insurance department credits savings to New Yorkers at $100 million annually based on actual no-fault rates. Because of the no-fault benefits, Blue Cross-Blue Shield health carriers were required to eliminate a duplication of benefits from their community-rated health insurance contracts, a further saving of 2.5 percent to their policyholders.

Until the last half of 1975, no rate increases were approved for bodily injury liability and no-fault insurance coverages. Then, over the last half of 1975, the New York Insurance Department approved rate increases for bodily injury coverages which, on a statewide basis, averaged about 20 percent. That is 20 percent above the reduced rate that accompanied the introduction of no-fault, not 20 percent above the old "fault" system.

The net result of the initial no-fault rate reductions and these recent rate increases, says the insurance department, is that—

> Despite three years of rampant inflation, the no-fault law has enabled insurers to maintain New York auto personal injury rates at approximately the levels in effect on January 1, 1973.

Legislators in New York are awakening to the fact that the tort threshold of $500 is too low. A modification of the New York no-fault insurance law is now being considered by some legislators which would raise the no-fault threshold from the current $500. Superintendent Harnett has indicated that he would favor such a change. New York State Assemblyman Leonard Silverman has stated that—

> Personal injury protection payouts under no-fault are wrecking the system . . . it's what the doctors are doing to reach that threshold level?

The New York plan is a good example of a no-fault plan that is working. Bodily injury premiums are at approximately the levels in effect on January 1, 1973, and more benefits are being paid to more people. Legislators are discovering that the $500 tort threshold is too low, and a move is now afoot to increase it.

Mr. President, the chairman of the Commerce Committee (Mr. MAGNUSON) is an original sponsor and author of this bill, as he has been for years past. He has been the leader in this field of no-fault insurance and he has addressed this body on previous occasions.

In fact, in the last session of our Congress, we passed almost this identical bill on a rollcall vote here in the Senate.

Mr. MAGNUSON. Mr. President, I have been talking about automobile insurance reform in this Chamber for more than a decade. I have been talking about no-fault automobile insurance in this Chamber every year since 1970. I have been sponsoring legislation to give the automobile accident victim and the automobile insurance consumer a better deal for three successive Congresses.

There was S. 945 in the 92d Congress. There was S. 354 in the 93d Congress. That one passed the Senate by a vote of 53 to 42. Now there is S. 354 in the 94th Congress, basically the same bill that the Senate passed in 1974 except that the committee modified the bill in several particulars to meet certain continuing criticisms. This year's S. 354 eliminates with greater specificity any possibility of involvement by the Federal Government in the regulation of the automobile insurance industry.

The determination whether a State is in compliance with the national standards for no-fault will be made by a five-member review board, of which two members will be appointed from a list recommended by the National Association of Insurance Commissions and two will be appointed from a list prepared by the National Governor's Conference. This year's S. 354 cannot be construed, as 1974's S. 354 was construed by some, as "compelling the States to create agencies and to staff and fund them to administer a Federal law . . . to become agents of the Federal Government." We accepted an amendment drafted by the Attorney General of the United States to put to rest that issue.

As the senior Senator from Utah (Mr. Moss) has declared, there are very few pieces of legislation which have ever come before the Senate of the United States after more exhaustive examination and field testing. This bill is based upon exhaustive investigation, analysis, and evaluation by both the executive branch and the legislative branch of the Federal Government; upon the technical drafting expertise and insight of the National Conference of Commissioners on Uniform States Laws; and upon solid

experience in 16 States which have enacted varying no-fault laws and in 8 States which have enacted first-party benefits laws.

Despite all this, the hard-core opposition to no-fault auto insurance is as determined as it has ever been to block this reform from ever becoming law nationwide, in a form which is good for consumers. There was a flurry of articles around the beginning of the year suggesting that no-fault laws in the States have failed. Sylvia Porter suggested that those articles were "planted" by the trial lawyers. In any case, those articles were written about State laws which do not meet the national standards which we believe are necessary for good-for-consumers no-fault. The shortcomings, such as they are, prove emphatically the need for national standards, national guidelines, to assure that the consumer does not end up holding the bag.

Mr. President, much of the opposition to no-fault auto insurance over the years has been dressed up in lawyers' language. We have heard a great deal about the "right to sue," as if this Nation was based on litigation rather than humanity, and about the "deterrent function of tort liability," as if a tort judgment paid for by an insurance company served as an effective deterrent.

All of these phrases are, I am personally convinced, a smokescreen to protect the vested interest of a small and extremely well paid group of people—the automobile negligence lawyers. According to the latest estimates, the personal injury bar derives about $1,800,000,000 a year from the automobile insurance system each year.

The system itself is a mess, as learned studies have documented for more than 50 years. Out of every $1 paid by you and me in auto insurance premiums, only about 44 cents ends up in the form of benefits to a victim. You can get better odds than that in Las Vegas.

Having proclaimed the excellence of the bill, having derided the opposition for its self-interest, let me talk for a few minutes about what I regard as the real issues in this controversy.

The things that really matter, as we prepare to vote again on S. 354, are the human issues. The questions which each Senator must ask himself are human questions, like the following:

What happens today to the typical, seriously injured auto accident victim?

How long must the auto accident victim wait to be compensated for lost wages, medical bills, out-of-pocket expenses?

Who will encourage victims to try, and who will pay for, endless months of medical and vocational rehabilitation services which can teach them to use a prosthesis or new job skills?

How much of his loss will ultimately be paid, and what are the victim's chances of getting this compensation?

My colleagues and I have cataloged what we see as some of S. 354's virtues. We have amassed formidable ledgers filled with actuarial figures, cost-benefit analyses for insurance companies and commissioners of insurance, financial reasoning for buyers of insurance. But we have been doing this to respond to our opponents. It strikes me that the discussion has concerned itself with the effects of S. 354 on the compensators, rather than those S. 354 was designed to compensate, the victims of accidents.

Lest we forget, the purpose of S. 354 is to compensate victims more equitably and more efficiently than does the tort liability system. Lest we forget, some 56,000 people died, and some 300,000 others were maimed or seriously injured as a result of motor vehicle accidents in 1974. The system for monetary recovery alone under the tort system is akin to Russian roulette. Fewer than 48 percent of all accident victims receive a nickel for medical or rehabilitation costs, lost wages or disability. Seriously injured persons fare the worst. They recover about a third of their expenses—if they are lucky enough to recover at all.

The person with the best odds for recovery is the questionable whiplash victim or the victim with minor injury. He may recover three or four times his actual loss, though he suffered minimal discomfort. The odds that a seriously injured accident victim would receive the kind of rehabilitation—both physical and vocational—necessary to be able to rebuild his life were slim indeed under the liability system. Fewer than 12 percent of seriously injured victims were given information about rehabilitation programs that would have allowed them to recover enough to work and resume normal lives again.

We seem to have become so glib with numbers that we forget that each one of those statistics represents a person who has just experienced a traumatic event, who must find the personal resources to cope with that trauma, which may include medically treatable pain, economic disruption, long physical therapy, or a change of occupation.

National standards for no-fault can do neither the healing nor the therapy. It cannot face the victim's difficulties for him. But it can make sure that emergency medical care is available and paid for for all victims. S. 354 can make sure that a victim is not worrying about deductibles when he should be concentrating on exercises to regain use of his limbs. S. 354 assures that all reasonable emergency medical care and rehabilitation will be paid for promptly. Unless the victim asks to see the accounting, he need not even see the bills.

S. 354 assures that compensation for the victim's lost wages is forthcoming immediately when the wage earner is laid up, not for months or years beyond the time when the victim stops working because of his injury. Under S. 354 an accident victim can hire someone to cook or care for children if the victim's injuries prevent him or her from performing those tasks. S. 354 looks at the reality of what automobile accidents do to people's lives and tries to minimize their catastrophic effect by removing barriers to recovery of health and monetary compensation for actual loss.

We must face the fact that the present system does not have proper priorities. It does not have even humane priorities. Twenty-three percent of those who died after auto accidents might have recovered if our emergency medical care system was set up to encourage quick pick-ups at accident scenes: That is, if ambulance owners knew they would get paid within 30 days rather than having to wait for the results of litigation to see whose fault the crash was and perhaps never getting paid.

We must face the fact that the legal process for most accident victims, especially the seriously injured, is a bane rather than a boon. For every winner in court, there is a loser, someone whom the judge and jury adjudge to be "at fault." Consumers know what lawyers seem not to want to recognize: accidents do happen on the road, just as unforeseen and unpredictable events occur in other spheres. Many times neither party in an accident will have any idea what actually happened. To hold out the promise of a big court damages recovery as the "main chance" to victims of automobile accidents is wrong. The odds are wrong for any betting man.

Yet far worse than giving the victim bad odds on damages, is holding out the liability system as the main chance for recovery of his health and livelihood. S. 354 does offer the victim a chance to devote his full energies to recovery. Without the worry of financial pressures to pay for medical care, without the worry of making sure that there is someone to pick up children at school, without the worry of where the money is going to come from—or if it is going to come at all—without all those worries, the victim can address the main worry, which is getting back on his feet.

S. 354 faces facts and tries to deal with the ugly business of auto accidents in a humane and effective way. S. 354 is a sure thing in that all victims get compensated for their actual loss. S. 354 does not hold out a carrot to a person to develop an impressive medical record to show the judge or jury. It holds out a carrot to the person to recover completely while removing the interim worries and financial pressures as much as is possible. The accident victim has enough to worry about without adding court strategy.

I urge that we vote for S. 354. It is the main chance for accident victims. It represents a sure thing for recovery of financial costs and a sure opportunity to recover health. Under the liability system, the odds favor the lawyers, not the victims. Under national standards for no-fault, the odds are with the consumer as premium payer and victim.

Mr. MOSS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOSS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. MOSS. Mr. President, the Senate will convene tomorrow at 12 o'clock noon. After the two leaders or their designees have been recognized under the standing order, the Senator from Oklahoma (Mr. BARTLETT) will be recognized for not to exceed 15 minutes, at the conclusion of which there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with speeches therein limited to 5 minutes each.

At the conclusion of routine morning business, or no later than 1 p.m., the Senate will resume consideration of S. 354, the matter now pending before the Senate.

ADJOURNMENT

Mr. MOSS. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 12 noon tomorrow.

The motion was agreed to; and at 5:03 p.m., the Senate adjourned until tomorrow, Wednesday, March 31, 1976, at 12 meridian.

NOMINATIONS

Executive nominations received by the Senate March 30, 1976:

THE JUDICIARY

Morey L. Sear, of Louisiana, to be U.S. district judge for the eastern district of Louisiana vice James A. Comiskey, resigned.

FARM CREDIT ADMINISTRATION

The following-named persons to be members of the Federal Farm Credit Board, Farm Credit Administration, for terms expiring March 31, 1982:

M. R. Bradley, of Indiana, vice Kenneth N. Probasco, term expiring.

William Dale Nix, Sr., of Texas, vice E. G. Schuhart II, term expiring.

EXTENSIONS OF REMARKS

ENERGY GOALS FADING

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1976

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following well-expressed editorial from the Oxnard Press Courier entitled: "Energy Goals Fading."

The American people and the Congress must not ignore the points raised by this excellent editorial:

ENERGY GOALS FADING

Two years ago the Arabs imposed an oil embargo that should have served as a warning of what an energy shortage could mean to the United States.

Since the scare, however, more time has been spent arguing over energy policy than in taking steps that would solve the problem. In fact, the nation is moving backward. For awhile car buyers were purchasing compact and subcompact vehicles to save gasoline. Now Detroit says sales are trending up for the bigger models again.

The only major achievement since the 1973–74 embargo is that work has finally started on the long-delayed Alaska pipeline.

Gasoline consumption, which had dropped in 1974, has now risen back to pre-embargo levels and is still rising. Higher utility bills are inducing some energy conservation but the government sees nothing to change its forecast that the national consumption of various forms of energy will rise by 2.5 per cent a year from now to the end of the century.

Congress apparently reflects the majority opinion that the energy crisis is not really critical. U.S. dependence on foreign oil increases daily. "Project Independence" has failed to win much support.

Congress has continued domestic oil price controls for at least three years; the House has shied away from full-scale natural gas deregulation and instead voted to tighten price controls on the nation's largest gas producers. The House last June killed a 20-cent-a-gallon additional tax levy on gasoline to be imposed whenever consumption increased above the 1973 levels.

Disputes over strip-mining rules and other federal policies are hampering the development of this nation's massive coal reserves. The price controls on oil and gas are stalling development of shale oil recovery and coal gasification processes. Lawsuits are threatening to block development of offshore oil and gas resources.

The transition to nuclear power has been slowed to a crawl by environmental and safety disputes and doubts about economic factors. Other countries are leaping at opportunities to use nuclear technology to relieve their dependency on imported petroleum while the country which first split the atom cannot seem to make up its mind.

All of this reflects a comfortable feeling that things will turn out all right if no one rocks the boat. No painful or involuntary sacrifice is necessary.

That is the official view of the Chinese government. In its latest issue, the Peking Review argues that the world's resources of energy are infinite.

The Chinese are new to the modern industrial world. They have an excuse for being naive.

But American people and the American Congress have no such excuse. Sooner or later they must confront the hard reality of placing a limit on the growth of energy consumption that has continued for 200 years in the industrialized nations. And it is more likely to be sooner than later.

UNEMPLOYMENT AND THE FEDERAL BUDGET

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1976

Mr. CONYERS. Mr. Speaker, as the Full Employment and Balanced Growth Act (H.R. 50) moves through the Congress, it is important for all of us to keep clear in our minds why this legislation is so vital to the American people.

H.R. 50 fulfills at last the promise of the Full Employment legislation that was considered 30 years ago in the 79th Congress, and which resulted in the Employment Act of 1946. This legislation originally had declared that it was a right of each and every American, who was able and willing to work, to be gainfully employed, and provided the machinery to enforce this right. But in the course of its passage through Congress this legislation was watered down so that the goal of full employment became one of "maximum employment" consistent with other economic values such as maintenance of free enterprise control over labor markets and price stability.

What has the mandate of "promoting maximum employment" accomplished since 1946? During these 30 years the annual official unemployment rate has averaged 4.9 percent. The highest rate of unemployment during this period occurred last year, with an official rate calculated at 8.6 percent but which was nearly double when discouraged workers and individuals forced to work part time are included. But even these unconscionable national rates of unemployment obscure the extent to which particular groups and particular areas of the country are ravaged by joblessness. The National Urban League estimates that at the end of last year approximately 3.1 million black Americans were unemployed, a rate of nearly 26 percent. Detroit's jobless rate at year's end was 12.7 percent, and has changed little in the past few months. Teenage joblessness has not fallen below 10 percent since 1953 and it has averaged more than 20 percent the past year.

The fact of the matter is that our economy over the past generation has created and perpetuated an appalling human wasteland for millions of Americans and we still find ourselves debating the merits of putting people back to work.

Last November the Institute for Policy Studies, upon the request of 47 Members of Congress, published an analysis of the Federal budget. I wish to bring to the attention of my colleagues one of the papers in the institute's budget study, entitled "Unemployment and the Federal Budget," written by Prof. Rick Hurd of the University of New Hampshire. It offers an excellent discussion of the causes of unemployment, of the defects in existing manpower policy, and outlines a new direction of economic policy toward the goal of full employment:

UNEMPLOYMENT AND THE FEDERAL BUDGET

(By Rick Hurd, economic policy fellow, Brookings Institution; assistant professor of economics, University of New Hampshire)

Policymakers typically identify individual deficiencies of the poor as the cause of their poverty. Their stated purpose of government manpower programs is to correct these deficiencies. The alternate view presented here is that, in the United States, poverty is a product of the economic system. If manpower programs are to be effective they will have to directly attack the unemployment